No. 33,857

# Russia Angry Over Ukraine **Demand for Loyalty Oath**

Kiev's Call for Pledge From the Black Sea Fleet Raises Tensions

By Serge Schmemann New York Times Service

MOSCOW — Ukraine has ordered the entire Black Sea Fleet and all ground forces based on the republic's soil to take an oath of loyalty to Ukraine, a move that has roused ominous new tensions with Russia and within the military. So far, the command of the Black Sea Fleet which has its headquarters in Sevastopol in the Crimea, has refused to administer the oath

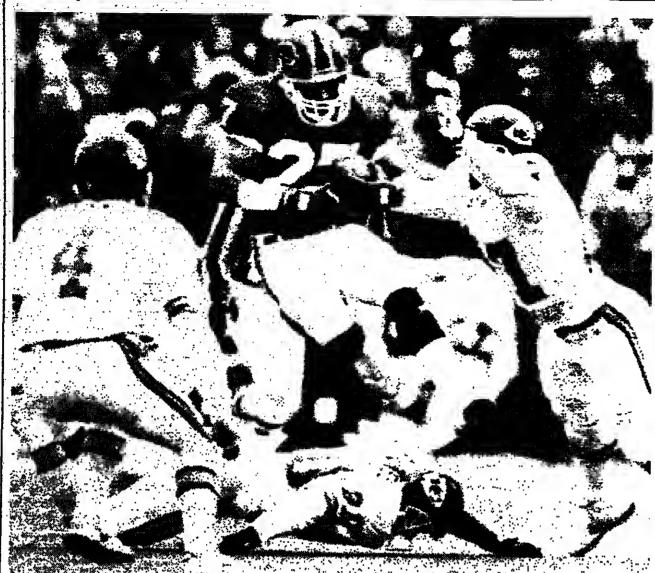
A military advisory panel urges Bush to scrap thousands more nuclear weapons. Page 5.

rguing that Ukraine agreed in forming the new Commonwealth of Independent States to leave the Navy under joint command.

Although the oath has not been adminis-tered, the Ukrainian move has brought strong criticism from Russian officials, with the speak-er of the Russian parliament calling the move

The speaker, Ruslan I. Khasbulatov, said that while Russia wants to resolve issues harmoniously, "this does not mean that somebody can simply seize our fleets, our armies, to put them under their jurisdiction, to force them to take loyalty oaths."

Control over the armed forces of the former Soviet Union has been one of the most divisive issues facing members of the new Common-wealth, especially Ukraine and Russia. At a meeting a week ago, Commonwealth leaders failed to agree on a joint armed force, allowing See OATH, Page 5



PARIS, MONDAY, JANUARY 6, 1992

### Bills Romp Past Chiefs, 37-14, in NFL Playoffs

Buffalo's Clifford Hicks leaping through a crowd of Kansas City Chiefs during their National Football League playoff game on Sunday. The Bills won, advancing to the American Football Conference final against the Denver Broncos. Page 19.

# ${m As}$ ${m Party}$ ${m Begins}$ , ${m Spain}$ ${m Wonders}$ : ${m Is}$ ${m It}$ ${m Over}$ ${m Already}$ ?

By Reginald Dale

MADRID -As Spain enters its much-trumpeted gala year, many Spaniards have a nagging fear that despite a decade of impressive achievements their country risks resting on its

With the Barcelona Olympics this summer and an extravagant six-month Universal Exposition in Seville, 1992 was meant to give Spain a major psychological uplift, capping a decade and a half of national reconstruction since the end of the Franco era.

Now, however, few Spaniards are in as fes-tive a mood as when the big party was first planned, and some commentators in Madrid have suddenly started talking of an economic

With the ending of the glitzy boom of the late 1980s, experts are divided over whether the economy is simply pausing for breath or suffer-ing from more fundamental problems.

But in either case, most analysts say they now think it will take longer than the country's leaders once hoped for Spain to meet its prime

By Tom Redburn

International Herold Tribune

BRUSSELS - The planned completion of

the European Community's single market in .

1992 may be the longest anticipated event since the movie premiere of "Gone With the

Wind," But now that the year is finally here,

Six years in the making, the 1992 project

designed to bind the economies of Western Europe closer together has been overshad-

owed by the momentous crack-up of the

Soviet empire to the east. Moreover, even

before much of the work on the internal

market is finished, the European Community

has already been looking far beyond it in its

quest to create a common currency and foster

Nonetheless, 1992 demands attention. Un-

der the original timetable, the last major obstacles to the free movement of goods,

frankly, does anyone give a damn?

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Trans.

And many, including government leaders, say that after a big burst of energy in the 1980s there is now a risk that Spaniards will slack off in their drive to build a modern nation capable of holding its own in the European single mar-

Politically, the past year has seen Spain con-

A Mortgage on Success First of five articles

tinuing its successful return to the Western fold after the long years of isolation under Franco,

Spain's unexpectedly solid support for the United States in the Gulf war and its playing host to the opening sessions of the Middle East peace conference in November are widely considered to have enhanced Spanish influence

among the West's top players.
But economically Spain is still far from joining the first division of West European nations - and some doubt that it ever will.

"Spain will never be in the economic big league," said Robert Maxwell, senior partner at the Madrid stockbrokers Maxwell Espinosa. "As the fifth biggest European economy, it will be number one in the second division."

Joaquin Tamames, managing partner of the Axel Group, a corporate finance house in Madrid, warned that the EC's single market would come as a "shock" to Spain, which, he said, was likely to find it difficult to compete with Euro-pean rivals in wide areas of industry and busi-

Many also say they doubt whether Spain has changed as much as claimed by its bright band of EC-oriented economic managers, socialists in theory but sometimes more like Thatcherites

arketeers still Socialist government led by Prime Minister Felipe González, despite an increasingly bitter revolt by the more conventional left-wing followers of Alfonso Guerra, the former deputy

The free-marketeers, who see the country's future in a tightly integrated EC, claim the

backing of the majority of the country, and particularly of the younger generation,

But critics charge that beneath Spain's free-market veneer lie hidebound bureaucratic attitudes and a still-strong taste for protectionism and state intervention. Outside the main cities, they say, Spain's agriculture-based society re-mains backward and inward-looking.

"One of the contradictions Spain will have to cope with is that the liberal market economists ting the country don't really have great upport," said a European diplomat in Madrid.

"The rank and file of their own Socialist Party, the unions and the right are against them, and the general population could be. too," he added.

Juan Antonio Garcia Diez, a former economics minister, recently described Spain as no more than a "semicapitalist" society. In its effort to modernize its economy to

meet the demands of the 1990s and the EC's single market, Spain is only "halfway through its adjustment process," said Jorge Hay, chief See SPAIN, Page 5

ably a crude nuclear weapon, to a halt.

# Bush, in Korea, Warns On Deals With North

# 'I Don't Trust Kim,' He Avows

By David E. Sanger

SEOUL - President George Bush arrived in South Korea on Sunday and quietly warned the country's leadership against moving too fast in its dealings with the Communist North before hard evidence emerges that Pyongyang is ending its ambitious nuclear-weapon project.

At a private dinner Sunday night with South Korea's president, Roh Tae Woo, Mr. Bush made it clear that he believed that the Cold War was far from over in Northeast Asia, and he seemed critical of Mr. Rob for rushing into accords with the North

Among the remarkable series of recent agreements aimed at ending a four-decade legacy of war and hostility on the peninsula are a nonag-gression pact and a mutual vow to ban nuclear weapons from Korean territory. But they leave vague the specifies about inspection of nuclear sites, something the North Korean regime of President Kim Il Sung has refused at the same time that be appears to be nearing the capability to build a crude nuclear weapo

Though the United States and South Korea have worked closely on a strategy to isolate the

Washington is moving to expand military and business ties in Southeast Asia. Page 3.

North and force it give up its nuclear effort, officials in Washington have been increasingly concerned that Mr. Rob bas not extracted enough solid, specific commitments on nuclear

In response to Mr. Bush's implicit criticism, however, Mr. Rob defended the approach, telling Mr. Bush, "We think it is important to start the process of change in the North."

In time, he argued, those changes would overwhelm the North. "Mr. Bush said, 'I don't trust Kim Il Sung,' said a senior Korean official who attended the

"President Roh told him that be doesn't, either. But this is better than backing him into a corner. Mr. Bush landed Sunday in a city awash in rumors and guesswork about the North's strategy and what forces — a bad harvest, the prom-ise of Japanese aid, the enllapse of the former

Soviet Union — had prompted it to drop its rimal vitriol about the South in favor of diplomatic agreements.

Even Mr. Reh's government seems to be having troubles adjusting to the change in tone, issuing public statements lauding the change in

attitude while privately expressing doubts. North Korea, officials point out, has promised many times before to submit to nuclear inspection, and always raised new obstacles when the

Nonetheless, the South regards even the fact that it is signing pacts with Mr. Kim as a major victory. Until recently, North Korea had said it would negotiate on nuclear issues only with the government as an American lackey, The atmosphere has changed so radically that there was a report the other day - not confirmed by either side, but not denied either - that Mr. Roh will meet Mr. Kim in a first-ever North-South summit meeting in March.

The most intense speculation surrounds how the North will follow up on the "Joint Declaranon for a Nonnuclear Korean Peninsula" signed hours before New Year's Eve. On paper, but not necessarily in practice, that agreement should bring Mr. Kim's crash project to produce weapons-grade plutonium, and presum-

The agreement, which has yet to be formally ratified, binds both sides not to "test, produce, receive, possess store deploy or use nuclear weapons." It commits both to forgo possession of nuclear fuel reprocessing or uranium enrichment plants, the facilities that satellite photographs indicate are at the heart of the North Korean nuclear complex at Yongbyon, 100

See BUSH, Page 3

# U.S. Wants **Policy Change** From Japan, **Not Favors**

By James Sterngold

New York Times Service TOKYO - For weeks now Japanese newspapers bave been filled with reports of the trade concessions Japan will offer President George Bush on his visit this week, most of them aimed at increasing

Japanese imports of American antos. But for all the likely promises, the meaofficials. Many of the steps have nothing to do with opening the Japanese market or free trade, the professed aim of the president's trade policies, but amount to government orders simply to buy more Amer-ican products to head off worsening trade

The difficulty this creates is that President Bush and his trade negotiators have long maintained that they do not want special favors so much as fundamental changes in the Japanese economic system

to remove barriers against imports. Japanese and American officials have said they will conclude two documents during the president's stay, which starts Tuesday. One, the Tokyo Declaration, is intended to serve as a blueprint for relations between the two countries in the post-Cold War era, spanning political, security and economic issues.

Officials on both sides said that document was essentially completed. The other agreement, which was still being ham-mered out over the weekend, will be an "action plan," which is expected to enn-tain Japan's specific responses to American enmplaints about trade.

Among the measures that are expected from the Japanese are: an easing of some pollution enntrol regulations for imported cars; a relaxation of some testing standards for imported cars; a tax break for purchasers of imported autos, and government pressure on Japanese auto compa-nies to change their distribution policies to make it easier for dealers to sell imported

[Japan has decided to ease the way for car imports by relaxing inspections on U.S.-made vehicles, news reports said Sunday, The Associated Press reported in Tokyo. The changes would meet about 80 percent of the U.S. requests for easing standards for imported cars, Kyodo News Service reported. It said they would be listed in the action plan to be released by Mr. Busb and Prime Minister Kiichi Miyazawa after talks this week.]

In addition, under government pressure every major Japanese auto company has announced a campaign to buy more American autos and auto parts.

For instance, Nissan, Japan's second largest automaker, announced last month a program that it said would increase its imports of autos, auto parts and machin-ery to \$1,23 billion annually by fiscal 1994, which ends March 31, 1995, a 150 percent increase from the current fiscal year's level. Nissan said it also planned a fourfold increase of its procurement of Americanmade parts for its plants in the United States, to \$2.8 billion in fiscal 1994.

Japanese and American officials have also said Japan is considering offering more than \$1 billion in financing for an

See JAPAN, Page 9

# The German Locomotive Is Running Short of Steam

By Richard E. Smith International Herald Tribune
FRANKFURT — With most of Western

Europe in or near recession and much of East-ern Europe in disarray, the Continent has rarely been in greater need of the fabled German economic locomotive to pull it out of trouble. Unfortunately, Germany itself is hovering on the edge of recession, business confidence is sliding and many analysts say the economy is in

its most fragile condition in a decade. The economic giant is struggling with record interest rates, angry unions and slackening de-mand for its goods both at bome and abroad. And all at a time when the grand experiment of converting Eastern Germany to capitalism looks set to drain resources heavily for years. Even Economics Minister Jürgen Mölle-

mann, the government's designated cheerleader for the economy, is having doubts. "It is at the razor's edge," he said. "The prevailing mood is very negative."

A survey by the German Economic Institute, a leading research center, said that 30 of 39 associations representing all major industrialand service sectors were pessimistic about this year's prospects. A year ago only nine were

In contrast to the long-troubled economies of the United States and Britain and the steady slowdown in Japan, Germany is a special case because the turn in mood has been so sudden. The German Economic Institute said it had never before recorded a swing of such propor-

Only a year ago the economy of Western Germany outperformed all Group of Seven states except Japan with a surging growth rate of 3.5 percent. Buoyed by heavy investment demand in Western Germany and hectic consumer demand in Eastern Germany, the locomotive was in classic form, drawing in imports from its neighbors to such an extent that it alone kept some from tipping into recession.

The German economy was "almost com-pletely separated from the worldwide slowdown by its unification process," said Norbert Walter, chief economist of Deutsche Bank AG. But the initial rush of activity after reunification bas largely played itself out, and the rest of the economy has not been able to make up the difference, especially as key export markets

"Western Germany's special boom is coming

In Germany, 20,000 people a month are still migrating to the West. Page 2.

to an end, and it is no longer moving on a track apart from the rest of the world economy," Bayerische Hypotheken- und Wechselbank

wrote in a recent report. Germany is already in recession according to the U.S. definition of two consecutive quarters of falling output. So far many German economists have shied away from the label, however,

believing that the economy was merely returning to a sustainable growth rate from the superheated period after reunification. But that confidence has been ebbing recently. Although most forecasters still expect Germany to grow by 1.5 to 2 percent in the full course of 1992, the economy in Western Germany is expected to be stagnant or worse this

winter and a recovery in the spring could be undercut by the unions, a strong Deutsche mark and a sluggish world economy. Some fear the first outright recession since the early 1980s if unions keep pressing their

double-digit wage demands and dare a resolute Bundesbank to raise interest rates even higher.

See SLIDE, Page 9

### Klosk

### **Baltic States Want** Soviet Troops Out

greater political unity.

TALLINN, Estonia (AP) - The Baltic states demanded Sunday that Soviet troops be withdrawn from their capitals.
In an appeal to the Commonwealth of Independent States, the presidents of Lat-via, Estonia and Lithuania also urged each of the 11 member states to recall its citizens serving in the army in the Baltics. The Baltics are not Commonwealth members.

"Russia is taking overall responsibility for the troops here, but we are getting very mixed signals from Moscow," said Raul Malk, a spokesman for President Arnold F. Ruutel of Estonia. In November, Soviet leaders agreed to pull out all soldiers from the Baltic capitals by Dec. 1, but later suspended negotiations on the pullout.

In Yugoslavia, war weariness may bring peace a step closer.

Business/Finance Will stock market investors who made money in 1991 but waited in vain for economic recovery be satisfied in 1992? The annual market review seeks to answer

that and other questions. Pages 11-17.

investment, services and people within the 12-nation Community are supposed to be removed by the end of the year. Much of the gritty work remains to be done. Separately, the EC faces crucial decisions on revamping its ruinously costly Common Agricultural Policy. At the same time, while its poor mem-bers will be pitted against the rich in a fight

two new applicants for membership. Europe confronts all this at a time when

the robust economic growth that has helped grease cooperation in the last few years is ominously grinding to a halt. "The irony of 1992," said David D. Hale, chief economist at Kemper Financial Scr-

Year of EC Countdown Starts With Miles Still to Go

A senior EC official forecasts a bigger Community with a broader mandate. Page 2.

over the Community budget, the EC hopes to open path-breaking negotiations with at least

vices in Chicago, "is that the process of Euro-

pean integration is what spurred growth, but now that Europe needs it most to finish the job, the economic engine is sputtering."

Jacques Delors, president of the EC Commission, once said that no one would ever

rally behind the banner of the single market. But the development of the single market, with all its grubby disputes over product standards and the like, is the economic glue that holds the EC together. And it is the fear of being left out of that market and the hope of joining in its shared prosperity that ani-mates the fledgling market democracies of

Eastern Europe.
The year ahead, of course, can never entirely live up to its advance billing. There will be no fireworks ushering in the new era, no threshold to cross, when 1992 is over.

"Nineteen ninety-two was never intended to be a big bang," said Norbert Walter, chief economist at Deutsche Bank in Frankfurt. "It is actually a continuous process. It won't be

completed on time, and it won't achieve ev-

"But the 1992 single-market project," Mr. Walter added, "was a brilliant, gorgeous label that helped evoke needed political action that put Europe on the move again after a decade of Eurosclerosis." For all its success, several barriers to a true

European common market are destined to remain in place for years beyond 1992. These are among the key milestones that have not yet been reached: · An agreement on the ability of Europe-

ans to move freely in search of work. Deregulation of transportation and ener-

 The widespread opening of national pro-curement to all European comers. As it stands now, more than 80 percent of the 282 measures originally proposed as part See 1992, Page 9

# Quayle as No. 2: Not Just by Chance

By Bob Woodward and David S. Broder

WASHINGTON - On the day after the New Hampshire presidential primary in February 1988, Dan Quayle, then the 41-year-old junior senator from Indiana, called two senior aides into his office.

"You know," he said, raising his hand and placing his thumb and forefinger about an eighth of an inch apart, so just a siver of sunlight could be seen in the gap, "Bob Dole was this close."

Mr. Quayle saw an opportunity. Vice President George Bush's 9percentage-point victory over the Republican senator from Kansas

First of a series of articles on Dan Quayle. meant that Mr. Bush was unstoppable in the race for the Republican presidential nomination. And while Mr. Dole, as a fellow Midwesterner, would never have chosen Mr. Quayle as his running mate, Mr.

Quayle figured that Mr. Bush just might.

At that meeting, Mr. Quayle said he wanted to launch an unofficial, sub-rosa campaign to become Mr. Bush's choice for vice president. The effort is one he acknowledges only reluctantly today, and only after he is presented with information provided by others. "You don't run for vice president," he said in one of 20 interviews conducted over the last six months. "But let me say that there are

ways you can be put on the available chart." "And without a lot of fanfare," he added, "because, when you let people know you're going to do something and you don't achieve it, it's a failure. So you keep expectations down and do things as quietly and subtly as possible.

Mr. Quayle knew that even if he were not to emerge as Mr. Bush's See OUAYLE, Page 5



Mr. Quayle did the right things after the New Hampshire primary.

# Yugoslav Peace: Maybe a Step Closer

On Both Sides, Weariness With War Gives Latest Truce a Greater Chance

By Blaine Harden

Washington Post Service
WARSAW — On the surface, it was just another mendacious week of talking peace and making war in

Yugoslavia.
The pattern, after more than half a year of fighting, is so familiar that much of the outside world has grown numb to the conflict, even if it is the bloodiest and most destructive European war in 45 years. Another internationally bro-

kered cease-fire — the 15th — went into effect. A Serbian leader warned that international peacekeeping forces would never be allowed into the war zone. Soldiers on both sides, tired and dirty and cynical, predicted again that the fighting would go on - and, sporadicaily, it did.

Yet beneath this carapace of Balkan belligerence, fundamental movement toward peace could be discerned. Even if some fighting continues, as it almost certainly will in a conflict fueled by ethnic hatred, it is becoming apparent that Serbia and Croatia are finally getting serious about bringing the war to an end.

The fighting itself, with more than 10,000 dead and half a million homeless, has resolved several ba-

It has in effect killed Yugoslavia, relegating it, alongside the former Soviet Union, to a mausoleum of lost Communist causes. The largest republic, Serbia, as well as the Serb-dominated federal army, has been compelled to accept the secession of the country's two richest republics, Croatia and Slovenia, which declared their independence

The war has also forced the European Community, under unre-lenting pressure from Germany, to promise recognition in mid-January to Croatia and Slovenia, and perhaps to the republics of Bosnia-Herzegovina and Macedonia as well, provided they meet EC criteria for buman rights and democratic principles.

The key unresolved issue in the war is territory, and the meetings last week in Belgrade with UN mediators produced a breakthrough compromise.

The Serbian side, which insists it only went to war to protect the ethnic Serhian minority in Croatia, agreed to order the entire federal army out of Croatia. Serbian irregulars who fought beside the army are supposed to either withdraw or lay down their weapons.

In place of the army and the irregulars, Serbian leaders have agreed to allow the deployment of

### In Serb Enclave, Irregulars Reject A UN Peace Force

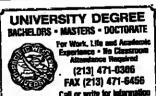
BELGRADE — The Yugoslav Army and Croatian forces held to a cease-fire on Sunday, but Scrbian leaders of Krajina, a key enclave, rejected deployment of United Nations troops in the territory and said they could be stationed only

The leader of the Serbian enclave of Krajina, standard-bearer of Serb resistance in Croatia, Milan Babic, in a message sent to the UN special envoy, Cyrus R. Vance, and the UN Security Council, said Serbian irregulars there would not lay down their arms while Croatia's National Guard retained theirs. He also questioned why units of

the Serb-led federal army had to be withdrawn - another key clement in the peace plan.

Both the army and Croatian forces on Sunday reported the quietest night for months with no serious violations of the cease-fire.

The Belgrade-based press agency Tanjug quoted an army spokesman as saying the two sides were setting up mixed liaison teams to prevent truce violations under the terms of the accord.



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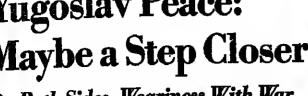
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Ricci-Club



10,000 UN peacekeepers. They will be charged with protecting Croatia's 600,000 Serbs from ethnic reprisals as both Croatian and Serbian refugees return to what is left of their homes, farms and towns.

#### **NEWS ANALYSIS**

This concession by Serbia was agreed to by President Slobodan

Milosevic of Serbia and the Yugoslav defense minister, General Veliko Kadijevic, in meetings last week with the UN special envoy, Cyrus R. Vance.

The former U.S. secretary of state, who has made five trips to Belgrade, has been dispassionate and wary in his dealings with both sides. But last week, he said: "I have seen steps taken that have not been taken before — the accep-tance of our proposed plan in its entirety by both sides."

The proof, Mr. Vance said, will be in a durable, if imperfect, ceasefire. He bas said that a truce was a condition for the deployment of UN troops. On this score, too, there was real

progress. Negotiations produced an agreement requiring troops not to return fire without first reporting the cease-fire violation to a liaison network that is to be in touch with commanders on both sides. No such self-correcting mechanism, which has the capability of keeping sporadic shooting sporadic, has existed before.

Serbia, the aggressor in the war, appears to have agreed to the peace plan for two main reasons. First, it has taken control of nearly all Croatian territory where there is a large Serbian minority. In effect, by seizing control of about one-third of Croatia, it has won the war. Second, the financial and social

costs of the war are beginning to cripple Serbia. A Croatian counteroffensive has been effective, for the first time, in pushing Serbian irregulars out of a region called western Slavonia. The federal army, whose lines of supply are overextended, has chosen not to come to the rescue. The army, although powerful, has proven itself to be poorly led and tactically inept, having to demolish Croatian cities in order to take them.

Inside Serbia the list of war-related ills is long and getting longer; international isolation, economic collapse, fuel sbortages, draft dodging, mass descritons, a growing anti-war movement and deepseated public rage about the army's refusal to give accurate reports of the dead, wounded and missing. Public-opinion polls show that about half of all Serbs think the war

As its part of the compromise Croatia appears to have accepted the de facto loss of its territory.

By John Tagliabue

New York Times Service

BERLIN - In a troubling con-



normal at the embassy, which also represents U.S. interests.

Referring to an incident linked to the closure, he said that the arrest in Bern of an Iranian in connection with the murder of Shahpur Bathilia, the former Iranian prime minister, was "completely separate from what was happening in Tehran." Mr. Stadler also said that a Swiss diplomat who had been prevented from leaving the country last week, leading to the closure of the mission, had been allowed to leave. A couple inspecting the damage to buildings as they passed a tank barricade in the Croatian city of Karlovac on Sunday as truce held.

# A Broader Mandate for EC Is Forecast

Frans Andriessen is EC commissioner for External Relations, charged with the task of managing the European Community's affairs with the rest of the world. He spoke recently with Tom Redburn of the International Herald Tribune.

Q. Now that the Maastricht summit meeting is over, what are the EC's highest priorities for 1992?

A. The highest priority is to finish the real work of the summit and to get the results ratified by the member states to make it possible to begin preparations for the EMU and EPU as soon as possible. The second priority is to bring about a new five-year budget. That is part and parcel of the creation of the European Union, because the cobesion element is a very important part of the agree-

Q. You are talking about internal issues. Has the EC paid so much attention to its internal affairs that it has neglected its responsibilities in dealing with the rest of the

A. It is certainly not true that the Community is only inward looking. One of the important elements of the new five-year financial guidelines will be a decision on our external priorities - activities in Central and Eastern Europe, the former Soviet Union, the Mediterranean. So there is a very substantial external element in the years to come.

Q. What about the GATT negotiations? The Americans say that the EC has not really budged on agriculture subsidies despite President George Busb's new offer to scale back U.S. demands. Is the EC prepared to compro-

A. I don't think that is a correct interpretaing with the United States about how we common position? should carry out the principles that were

reached at the meeting in The Hague in states wanted recognition, not only the Ger-November. We have a difference in view on some elements; for instance, in how much of the reduction in subsidized exports should be measured in volume or in hudgetary terms. It

#### MONDAY Q&A

is misleading to say it is only the European Community that is not prepared to deal. If there is no deal, both sides will be responsi-

O. What are the prospects for a settlement? A. At this moment, it is difficult to say. Agriculture is important, but other issues are important as well. We have to work very hard to make the Uruguay Round successful beuse we are coming down to the last minutes of the negotiations.

Q. What would be the consequences for

Europe if the trade talks fail?

A. I don't like speculation on failures, but if were to do so, it would be very dramatic for the world as a whole. It would bring about more protectionist tendencies and closed blocs in the world. And for Europe, being the biggest trading bloc, it would perhaps be the most devastating.

Q. On Yugoslavia, the EC was relentless prodded by Germany and finally agreed to recognize Croatia and Slovenia in January. Does this contradict the spirit of Maastricht, in which EC countries agreed to work more closely to develop common positions on for-

A. In this particular case, the Community was finally able to reach a common position. But I have to admit that it was as a result of the great pressure of one of the partners.

Q. Why was it so difficult to reach a A. The difficulty was that some member defense policy.

mans but the Belgians and the Danish as well. But the others were much more reluctant to go that far at this moment, knowing that over the longer term, of course, recognition would be unavoidable. O. The United States and France are

squabbling over the question of an interna-tional conference in Washington to discuss the situation in the former Soviet Union. With the country so close to disaster, why is

the West engaged in such a petty argument?

A. The question is, if you organize a conference, you have to prepare it very, very well. We have seen what happened in July when Mr. Gorbachev came to London for the G-7 meeting. I don't think it was very profitable for either of the parties concerned that he went home more or less empty-handed.

Q. If I could ask you to step back from the specifics, how do you think the European Community will be different five years from now in the subjects you deal with?

A. We will, in five years time, be involved in a substantial extension of the European Community, Many countries in Europe will have applied and some may be in, or on the verge of being in. That's the first point.
We also will have realized a substantial

change in our institutional setup. We have to bring about a much more democratic structure. The normal legislative powers should go to a parliament, perhaps with a kind of senate. And there should be a stronger executive, perhaps not a government in a normal sense of the word, but much more than the Commission today. Otherwise we won't be able to pursue this process of integration and expan-

In terms of policies, we will have estab-lished quite a substantial foreign policy and, very likely, the beginning of a security and

"The Federal Republic's scope

for accepting such numbers is largely exhausted." Mr. Seiters said

plied for asylum in Germany last year, an increase of 32.7 percent

The number of applications fell

slightly in December to 23,659

from the November figure of

29,185. But this does not indicate a

The largest group seeking refuge

civil war. There were 74,854 appli-

cations from Yugoslavia, com-pared with 22,114 in 1990, the min-

The rising number of foreigners seeking to live in Europe's most

affluent country has sparked a rac-

over the 1990 figure of 193,063.

in announcing the 1991 figures.

#### "Primary concerns are to avoid touching or inhaling the dust if the Coast Guard. located," the Coast Guard said in a statement. "Arsenic trioxide may pose an environmental hazard." France to Pull Troops Out of Chad

PARIS (Reuters) — France is to withdraw its troops from Chad now that government forces have crushed a rebellion by troops loyal to Hissène Habré, the formet president, Foreign Minister Roland Dumas

WORLD BRIEFS

Palestinian Delegation Awaits Word

From Arafat on Next Round of Talks

JERUSALEM (AFP) — Hanan Ashrawi, spokeswoman for the Paichtinian delegation to the Middle East peace talks, said Sunday that the expected a decision Monday from the PLO leadership on whether her expected a decision monday from the PLO leadership on whether her expected attend the next round of negotiations.

expected a decision monthly from the FLO seadership on whether her team would attend the next round of negotiations.

The Palestinian delegation decided Priday to delay its departure in protest an Israeli decision to deport 12 Palestinians from the occupient.

which alone can decide what line to follow," Mrs. Ashrawi said. The said are scheduled to resume Tuesday in Washington.

are scheduled to resume 1 uestary in washington.

Yasser Arafat, the Palestine Liberation Organization chairman, washing Cairo on Sunday for talks with President Hosni Mubarak of Figure 1 was to travel to Damascus later in the day for talks with Syrian officials.

TEHRAN (AFP) - The Swiss Embassy reopened here Sunday effect

weeklong closure that had been prompted by a diplomatic diginal

nans Stanter. In Bern, a Swiss Foreign Ministry spokesman, Christian Meni

in Bern, a Swiss Police and said that the situation had returned in

Cuba Seeks Return of 34 Defectors

States, according to Cuban television.

HAVANA (Reuters) — Cuba is demanding the return of a stolen belicopter and the 34 Cuban defectors who used it to reach the United

"Cuban authorities are in contact with the U.S. authorities and are

seeking the immediate return of the aircraft and its hijackers," a television

report said Saturday. It was the first official Cuban reaction to the ecope to Florida on Friday of the Cubans aboard an Air Cubana twilling

American officials said the 34, the biggest single group to flee to the United States from Cuba by air, had all requested political asymm. All but one were released Saturday by U.S. immigration authorities and reunited with family members in south Florida.

Toxic Cargo Lost Off U.S. East Coast

PORTSMOUTH, Virginia (Reuters) - Five containers carrying

substance used to make ret poison were lost overboard by a ship during a

The 9,593-ton Santa Clara I, which left New York for Baltimore on Friday, was about 45 miles (70 kilometers) from shore when 21 containers

went overboard on Saturday between New York and the entrance to

Delaware Bay, the Coast Guard said. Five of the lost containers were

filled with 540 35-gallon (130-liter) drums filled with arsenic trioxide, a

white powder commonly used as a pesticide or rat poison, according to

storm off the U.S. East Coast, the U.S. Coast Guard said Sanday.

Swiss Reopen Embassy in Tehran

between Switzerland and Iran, according to an embassy spoke

normal at the embassy, which also represents U.S. interests.

Hans Stadler.

France sent 450 paratroops to Chad to bolster its 1,200-man perma uent garrison in Chad because of a rebel offensive against Ndjamena, the capital, last week. On Saturday, the Chad government said its forces had crushed the rebellion, killing 425 rebels, including six of Mr. Habre's top Saying that the government had the situation under control, Mr.

Dumas said in a radio interview broadcast by France Info: "The presence of the reinforcements we sent will no longer be justified if the situation is confirmed. It is a question of a few days or of a few weeks."

### TRAVEL UPDATE

Hundreds of European tourists were evacuated Sunday from Jordan's ancient city of Petra, five days after being marooned by the heaviest snow in Jordan in more than 40 years. The tourists, mostly from Britain, France and Italy, were trapped by snowstorms that blocked roads to the Petra ruins with drifts up to two yards deep. (Reuleis)
Air traffic at Esenboga airport in Ankara was back to normal Sunday after being suspended for more than 24 hours because of fog. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Andorra, Austria, Colombia, Cyprus, Dominican Republic, Finland, Greece, Iraq, Italy, Liechtenstein, Puerto Rico, San Marino, Spain, Sweden, Uruguay, Vatican City, Venezuela. According to the Interior Minis-try, a record 256,112 foreigners ap-

TUESDAY: Egypt, Soviet Union. THURSDAY: Panama

North America

Dry weather will prevail through Thursday from

nia Tuesday. Los Angeles

SATURDAY: Albania, Morocco, Nepal, Puerto Rico Source: J.P. Morgan, Reuters.

The Weather

#### reversal of the trend, the ministry Will Soviet Troops Delay Pullout? under Germany's bberal asylum laws were Yugoslavs flecing their

BONN - Uncertainty over who runs the former

Soviet military could delay the final withdrawal of its troops from Eastern Germany, a German newspaper reported Sunday.

The Frankfurter Allgemeine Sonntagszeitung quoted the Bonn Economics Ministry as saying that there could be delays in the withdrawal, due to be completed by 1994, "because of indistinct authorities" in the military.

But it also quoted Russian diplomats as saying that the troop withdrawal was proceeding accord-ing to schedule, despite the upheaval in the former The paper said German and Russian military

officials were to meet on Tuesday to discuss the status of the withdrawal now that the Soviet Union

son, the unfaithful father of her two

sons, by murdering the sons won

the actress an honored niche in

Among the actress' other notable

stage roles were Lavinia Mannon in

Eugene O'Neill's "Mourning Be-

comes Electra" (1932), Delia in Zoe

She was nominated for an Acad-

erry Award as best supporting ac-

tress for her portrayal of the malev-

starring Joan Fontaine and Laur-

She displayed her versatility in a

wide range of movie roles, among

them the biblical Queen Herodias

in "Salome" (1953) and an Indian

woman named Buffalo Cow Head

in "A Man Called Horse" (1970).

cesses included her portrayal of

Miss Anderson's television suc-

Gertrude in "Hamlet" (1936).

theater history.

ence Olivier.

Judith Anderson, Stage Icon, Dies at 93

Atkins's "Old Maid" (1935) and lona on Dec. 23 after developing

olent housekeeper Mrs. Danvers in suggested landscape, primitive ar-

"Rebecca," a Gothic romance di-rected by Alfred Hitchcock and chitecture and atmospheric events, Mr. Guerrero divided his time be-

Lady Macbeth in 1960 in an NBC- York in the 1950s, be was inspired

has been replaced by the Commonwealth of Independent States.

A Bonn official involved in the withdrawal told the magazine Bunte Illustrierte, "In the Common wealth of Independent States, chaos rules at the administrative level."

Under the agreement reached between Bonn and Moscow after German unification in 1990, the former Soviet Union pledged to withdraw the 370,000 troops it had stationed in the former Communist-ruled East Germany for more than 40

In return, Germany agreed to help finance the withdrawal, including paying some 7.8 billion Deutsche marks (\$5.2 billion) to build housing for the returning soldiers. So far, around 160,000 former Soviet troops and

their dependents have left Germany.

Other deaths:

battle with AIDS.

and foreign collections, including in Hinsdale, Illinois, a Chicago

suburb.

Marty James, 38, a gay-rights

campaigner who disclosed on

American television that he had

helped AIDS victims kill them-

selves, in San Francisco on Dec. 25.

He committed suicide after a long

Mike Frankovich, 82, the pro-

ducer of "Bob and Carol and Ted

and Alice" and "The Shootist,"

among other films, of pneumonia

James Frederick Bere, 69, chair-

man and chief executive of Borg-

Warner Corp. and a Chicago civic

figure, after a heart attack Friday

Antonio Quirino, 85, the pioneer of commercial television in the

Philippines, in Manila on Friday.

Curt Bois, 90, a German charac-

ter actor who fled the Nazis and

performed alongside Humphrey

Bogart in the film classic "Casa-

Wednesday in Los Angeles.

ist backlash, which last year saw bundreds of violent attacks by young neo-Nazis on homes for foreigners.
The opposition Social Democrats are opposed to constitutional change, but agree that the asylum process should be tightened and

istry said.

speeded up to stem the flow of

PARIS - Pierre Mauroy, head of the governing Socialist Party, will resign this week amid renewed fighting for control of the party by would-be successors to President François Mitterrand, French news

Mr. Mauroy's choice for the top party post would be Michel Delebarre, minister of urban affairs, the reports said.

ing presidential candidate, ded comment on the reports which first surfaced in the daily newspaper Liberation, which is close to the Socialist leadership.

ed that he may leave earlier.

### Socialists' Leader To Quit in France Amid Infighting

organizations reported. The reports said Mr. Maurov

wanted his job to go to an ally of Jacques Delors, the president of the executive commission of the European Community. Mr. Delors is seen as a leading contender to succeed Mr. Mitterrand.

Mr. Mauroy, who is not n lead-

Mr. Mitterrand's presidential term ends in 1995, but be has him-

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By Michael Rich

Suite Sept. 18

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Asia

Europe Cloudy, damp weather will last through at least midthrough Thursday from Boston and New York City to Miamu. Rain is likely from Houston to St. Louis Tuesday, and by Wednes-day in Chicago. It may rain a title in northern Califor-tial Tuesday, Los Acestes week in London, Parts and Bertin. Rain and drizzle will be frequent and a time

Dry weather is likely in Ko-rea and western Jeger Tuesday, It may rath briefly in Tokyo. Rain will begin et midweek in Japan and southern Korea. Rain all wet Taipel at times and Wednesday, and it men shower in Hong Kong. Sun-shine will heat Bangkok. of windswept downpours is likely. Madrid, Rome and the western Mediterranean will be mainly dry through Wadnesday.

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PRET-A-PORTER **NINARICCI** 

Miss Anderson, who was born in **BEGINNING JANUARY** Australia, was made a dame com-6th 1992 mander of the Order of the British Empire by Queen Elizabeth II in 1960 for "distinguished contribu-FROM 10.00 A.M. tions to the stage." For years she was one of the first ladies of the American theater, portraying women gripped by powerful emotions.

AND FOR MEN:

19, RUE FRANÇOIS-I"

tinuation of migration patterns that led to the collapse of Commu-Germans were permitted to travel

nist East Germany, more than 200,000 citizens of Germany's eastern regions migrated to the West in the nation's first full year of unification, most of them in search of iobs or better pay, according to

figures issued here.

The figures, based in part on projections, show that from July to September 1991, an average of 20,000 East Germans left each month to go westward in search of Moreover, government statisti-cians said the figure might repre-sent only the tip of an iceberg, since tens of thousands of East Germans

travel daily, some of them hundreds of miles, to places of work in the West without officially changing their places of residence. According to figures issued last year by the government, more than 300,000 East Germans commute each day to the West to work. Officials have said that number could rise to half a million or more.

The figures on permanent migration were made public by the newspaper Bild am Sonntag in its Sun-day issue and were confirmed by population experts.

> By Eric Pace New York Times Service

Dame Judith Anderson, who

electrified Broadway audiences in

1947 with ber savage performance of the title role in "Medea" and was

the memorably sinister housekeep-

er in the 1940 film "Rebecca," died

Friday at her home in Santa Barba-

ra, California. She was 93 years old.

The cause of death was not dis-

After the Broadway premiere of

the 1947 "Medea" — a new adapta-

tion of the Euripides drama, writ-

ten for Miss Anderson by the poet

Robinson Jeffers - Brooks Atkin-

son wrote in The New York Times

that she had "set a landmark in the

theater" with her "inspired perfor-

mance of rage and revenge.

According to the statistics, roughly I million East Germans of a total population in the old East Germany of 16.7 million have mi-grated to Western Germany since 1989. A decision by Hungary that year to open its borders with the West enabled bundreds of thousands of East Germans to travel unhindered to the West. Hungary was one of the few states of the old Communist bloc to which East

In Germany, 20,000 a Month Still Migrating West Germany, which was reunited on Oct. 3, 1990, has a total population and unions have agreed to limit ters reported from Bonn. of 79.1 million, according to official figures. Officials concede that East Ger-

mans go to work in the West because of continuing broad disparities in pay. For many Eastern companies, in disarray after decades of Communist mismanagement, the only competitive advan-

Her fiery portrait of a barbarian duction. The Times critic Jack came friendly with Mark Rothko woman who takes revenge on Ja-Gould called that portrayal "noth- and Franz Kline, among others.

NEW YORK (NYT) - José

Guerrero, 77, a Spanish-borts

painter who worked for many years

in the United States, died in Barce-

complications from multiple my-

paintings whose abstract imagery

tween the United States and Spain.

His work is in prominent American

those of the Guggenheim, Whitney

Mr. Guerrero was born and grew

up in Granada, Spain, and studied

art there and in Madrid and Pans.

Picasso, Miro and Klee had a

strong impact on his work. In New

TV "Hallmark Hall of Fame" pro- by Abstract Expressionism and be- hlanca," on Dec. 25 in Berlin.

and Brooklyn museums.

Known for big, vibrantly colored

cloma, a form of cancer.

ing short of a masterpiece."

José Guerrero, 77,

**Abstract Painter** 

Eastern wage scales to roughly twothirds those in the West. But the move has led to a huge exodus of skilled laborers.

### ■ Asylum Demands Rise

The number of foreigners seeking asylum in Germany climbed by

### tage consists in lower hourly wages. a third last year, prompting Interi-And to preserve this in a new highly competitive business envi-

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# U.S. Expands Ties With Singapore in New Asia Overture

SINGAPORE - The United States, seeking to strengthen ties with Southeast Asia, has reached agreement in principle to expand military cooperation with Singa-pore and will soon make similar proposals to other non-Communist

countries in the area.

American officials also say that the U.S. government and American businesses will intensify efforts in the next few months to enlarge American trade with Southeast Asia, which is the fastest-growing economic region in the world.

Asian analysts said that if the United States forged stronger commercial and security ties with the area, it would stimulate U.S. economic growth, help maintain regional stability and discourage Japan or China from emerging as dominant powers following the col-

lapse of the Soviet Union.

President George Bush, on a visit to Singapore that ended Sonday, announced that agreement in prin-ciple had been reached with the island-state to relocate a U.S. naval logistic command headquarters from the Philippines.
Singapore officials said that

while details still had to be worked. out, the plan would fall within the scope of an earlier accord that allows U.S. military planes and ships access to Singapore ports and air-

The logistic unit, which arranges the repair and resupply of U.S. surface warships operating in the Pa-cific and Indian Oceans, has about

- Following closure of other longstanding American bases in the Philippines, the government in Manila recently served notice that U.S. forces must leave the giant Subic Bay Naval Station by the end of

This was two years earlier than Washington had requested and raised fears that a precipitate U.S. military withdrawal from Southeast Asia would set off an arms race as stronger regional powers jostled

Mr. Bush said the proposed new arrangements for security cooperation would discourage regional conflicts and arms proliferation.

By working together, the United States and countries of the Association of South East Asian Nations. would "better share the security responsibilities of the post-Cold War era," he said in a speech to political, business and civic leaders

ASEAN links Bruner, Indonesia, Malaysia, the Philippines, Singa-

U.S. officials traveling with Mr. Bush said that a less costly but still . credible U.S. presence could be maintained by relocating some of the major functions of former bases in the Philippines to U.S. territory gaining access for U.S. military naval base in Singapore.

By Michael Richardson ships and aircraft to facilities in ASEAN countries.

Reflecting the views of most other ASEAN states, Goh Chok Tong the prime minister of Singapore, said at a lunch for Mr. Bush on Saturday that a substantial U.S. economic and security presence was needed to maintain a stable palance of power in the region.

Mr. Goh noted that peace had enabled ASEAN countries to develop into major markets for U.S.

Singapore, for example, is the 12th-largest market for U.S. goods and services, although the island-state has a population of only 3 million people. Singapore buys more from the United States than does either India or China, which have a combined population of

Mr. Goh said that Singapore and its neighbors needed the United States as an economic partner to "help balance the growing presence of Japan" in Southeast Asia. He added that an even stronger reason is that we want America to maintain a security presence, without which we will be sailing into un-

Mr. Bush, who is on a 12-day tour of four Asia-Pacific nations, assured Singapore "and all of our many friends in this part of the world that the closing of bases in the Philippines will not spell the

end to American engagement."

He said the United States "will maintain a visible, credible presence in the Asia-Pacific region with our forward deployed forces, and through bilateral defense arrangements with nations of the region."

Instead of trying to maintain expensive and politically controver-

sial military bases in Southeast Asia, officials said, the United States is developing a network of agreements giving its forces access to ports, sufficids and shippards operated by regional states.

Washington also wants to ex-

pand joint exercises and training with ASEAN countries so that their armed forces could operate together in case of a crisis. Analysts said that in return for

granting increased access to U.S. forces, Singapore is seeking to lease or buy a number of Americanmade F-16 jet fighters that would be stationed in the United States to train Singaporean pilots to fly F-16s that are already based in the A U.S official said negotiations

on access and training arrange-ments would soon be held with Thailand, Malaysia and Indonesia, U.S. diplomats said that other ASEAN countries had been informed of American plans to relocate the naval logistic command headquarters from the Philippines

to Singapore.
In the first regional reaction,
Abdullah Ahmad Badawi, the Ma-laysian foreign minister, said he hoped that the transfer would not



Mr. Bush placing incense on an eternal flame at the Korean Unknown Soldiers Cemetery in Seoul.

# BUSH: Skepticism About an End to Korean Tensions

(Continued from page 1)

kilometers (60 miles) north of the North Korean capital. It leaves somewhat vague, however, the crit-ical issue of inspection, saying sim-ply that the two sides "will conduct inspection of objects chosen by the other sides and agreed to by both While only a few months ago few

could imagine the North signing such a document, the wording does not call for the kind of strict inspection regime that the Pentagon has been pressing for -one that would allow inspectors to view any suspected nuclear site, without the North's permission and on very short notice. Those suspicious of the North's intentions suggest that the agreement may simply be an elaborate play for time by Mr. Kim, an effort to forestall sanctions and fure some Japanese investment until the North produces enough plutonium to move its bomb-making facilities someplace

less conspicuous. Brent Scowcroft, Mr. Bush's nathat the United States would con- it looks like nothing is there."

tinue intelligence-gathering opera-tions focused on North Korea pending their fulfillment of their claim to go toward denucleariza-tion of their part of the peninsula."

[He said on ABC-TV that the United States wanted North Korea to "agree to an inspection system which will clearly demonstrate that they are denuclearizing."] The agreements also say nothing

about North Korea's continued refusal to allow inspectors from the International Atomic Energy Agency into the country, a require-ment under the Nuclear Nonprolifcration Treaty that Pyongyang signed in 1985. Unless the nuclear inspectors are

given a mandate to roam North Korea's heavily guarded military sites at will, an unlikely event, American officials say they will not

"After Iraq," a senior Pentagon official deeply involved in monitoring North Korea's nuclear effort said here recently, "we don't even

Critics here say that Mr. Roh is moving too fast, signing accords before the inspection issues are resolved. The assumption is that Mr. Roh is hoping to gain political ad-vantage for his ruling party — which will soon declare a candidate to succeed Mr. Roh next year and to gain a place in history for

"The North has already gotten everything it wanted," Professor Rhee Sang Woo of Sogang Univer-sity said. "They got the American nuclear weapons out of South Ko-

"All that is left for them," he said, "is to decide when the nuclear card becomes a disadvantage."

# An Initiative on Health Care

### Bush Will Propose Tax Credits to Help Buy Insurance

By Robert Pear

New York Times Service WASHINGTON — In his budget request to Congress later this month, President George Bush intends to propose tax credits to help people buy health insurance, along with further cuts in military spending and major new restrictions on the payment of government benelits to the affluent, administration

Mr. Bush's advisers say the tax credits will be the centerpiece of his election-year strategy to show that be has a substantial domestic policv and to fend off attacks by Democrats who contend he has no plan to aid the 34 million Americans who lack health insurance.

Mr. Bush is also under political pressure to revive the economy. His budget is expected to lorecast economic growth for 1992 of 2.5 percent to 3 percent, about the range expected by many private econo-

To combat the recession, Mr. Bush is expected to propose some type of tax benefits for first-time home buyers, and administration officials said they were considering a tax credit of up to \$2,000 for such

in Singapore on Saurday, Mr. Bush said he would like to put any savings from cots in the military budget "into the pockets of the American taxpayer,

Administration officials say the president also intends to propose once again a cut in the tax on capi-tal gains, the profits from investments. He is also likely to ask Congress to restore some sort of tax credit for business investment in plants and equipment

Even some Republicans question whether those measures would be sufficient to stimulate the economy, but administration officials see them as necessary for pobtical rea-

Mr. Bush's campaign strategists say he probably cannot get re-elected on foreign policy and domestic promises alone, and they see the budget request as a manifesto for the campaign.

The president's hudget request for the 1993 fiscal year will comply with overall spending limits set in the bipartisan budget agreement enacted in November 1990, administration officials said. But they said he was considering removing the ban on shifting money between the military and domestic budgets.

The officials said that in view of the collapse of the Soviet Union and the demise of communism throughout the former Soviet bloc, Mr. Bush would propose a military budget below the maximum allowed by the 1990 budget law.

They predicted that he would seek \$285 billion in military spending for the next fiscal year, which and businesses buy health insurbegins in October. The limit for ance or health-care services.

make deeper cuts, officials said. He is likely to seek cancellation of weapons systems like the Seawolf, a nuclear-powered submarine whose main mission - attacking Soviet submarines - now seems outdated, officials said.

Administration officials say the tax credits for buying health insurance are consistent with the Republican precept that the government not impose costly new mandates on employers or estab-lish a vast new federal program of national bealth insurance to supplant the private market.

Tax credits are a prominent feature of a heaith-care bill introduced in November by Senator John H. Chafee, Republican of Rhode Island, and 20 other Republican sen-

That bill, like the administration proposals, would authorize tax credits to belp individuals, families

military spending is \$291.5 billion.

By moving on his own to pare the military budget, Mr. Bush hopes to preempt efforts by Congress to contemplated by the administration, the credit would be refundable. In other words, the government would pay an amount equal to the credit to people so poor that

they pay no income tax.
[The proposals on health insurance were criticized Sunday by a prominent Democratic presidential candidate. Governor Bill Clinton of Arkansas attacked the plan as failing to take a comprehensive approach. He said the government had "refused stubbornly to do what every other advanced country in the world has done," which is to control the rising cost of medical care and provide it to everyone.] Administration officials say Mr. Bush will describe his philosophy and general approach to "health care reform" in his State of the Union Message on Jan. 28, or in his

1993 budget request, which goes to Congress within a few days of the

### Ex-Mayor of Washington Accused of Prison Sex Act

By David S. Hilzenrath

Washington Post Service

WASHINGTON — Federal prison officials are investigating reports that a woman visited the former mayor of the District of Columbia, Marion S. Barry Jr., in prison last week and performed oral sex on him in a room where dozens of immates and their visitors were gathered, according to inmates and a federal official.
"You couldn't miss it," said Floyd Archer Robertson 3d, a former

inmate at the prison in Petersburg, Virginia, who said he was sitting nearby with his wife, Nancy Lee, and their children. "It was blatant

—in front of everybody."

Mrs. Robertson said; "I was trying not to even look, it was so disgusting. It ruined our visit to have to wimess that." Three people told The Washington Post that they witnessed the

encounter on Dec. 29, one a prison source who requested anonymity. After Mr. Robertson, 41, complained to prison authorities about the incident, be was transferred to a federal prison in Burner, North Carolina, because of concern for his safety, according to a spokeswoman for the North Carolina prison.

[Gregory Bogdan, a spokesman for the U.S. Bureau of Prisons, said Sunday that federal officials were investigating allegations that a prison guard helped arrange the woman's visit, The Associated

[It said that Mr. Robertson, in an interview in The Washington Times, suggested that the woman involved in the incident was a prostitute. Mr. Barry has denied through his attorney that a sexual encounter occurred.

A Petersburg prison spokesman said officials could not discuss an inmate's conduct without the prisoner's authorization. The spokes-man said that sexual activity in the visiting room was a violation of prison rules. The Petersburg prison does not allow private conjugal

Mr. Barry was convicted of misdemeanor cocaine possession in August 1990 and began serving a six-month prison term in October. Despite Mr. Barry's legal and personal difficulties, his associates have hinted that be will run for a District of Columbia Council seat next fall, after his release from prison.

# Tunisian Warns Against Islam Militancy

By Youssef M. Ibrahim

New York Times Service ALGIERS - The president of Tunisia, a determined opponent of Islamic fundamentalists in his own country who is warily watching neighboring Algeria's march toward a fundamentalist government, has called on other Arab countries to repress Muslim militants who use religion as a cover to

President Zine Abidine ben Ali, in an address to interior ministers of 16 Arab countries who are in Tunis to review, among other things, ways of cooperating against Islamic militancy, told the security chiefs: "We must combine our efforts to struggle against this phe-nomenon, which is grave for our Arab-Islamic society, by groups us-ing violence and sedition."

While Mr. Ben Ali did not mention Algeria, his remarks Saturday indicated the degree of alarm among many Arab chiefs of state, including those of Egypt, Morocco, Jordan and Saudi Arabia, about the rising tide of militant funda-

The Tunisian leader has banned the fundamentalist movement and over the last few months has waged a ruthless campaign against an Is-lamic party, Al Nahda, which he has accused of trying to seize power by force.

Hundreds of suspected sympa-thizers of the group are said to have been arrested, and some human

Until a few weeks ago, many of talists.
the leaders of Al Nahda, including What the leading figure, Rachid Ghan-nouchi, lived in Algiers receiving first round of elections for parlia-

ment last week by a wide margin. Under pressure from Tunisia, the Tunisian fundamentalists, as well as Moroccan fundamentalists, will be allowed to use Algeria as a base for their operations against

On Saturday, suspicion in-

In the first round, the Islamic fundamentalist party won 188 seats of 430 in the new parliament. With 188 seats to be contested in the second round on Jan. 16, it needs just 28 more from that round for a governing majority.

But a government-appointed. Constitutional Council is looking

rights organizations have accused into 341 complaints of fraud in the Tunisia of torturing some of those first round, which could lead to a said to be in suburbs just ontside decision to invalidate as many as 70.

Algiers. of the scats won by the fundamen-

financial support from the Islamic being sought to prevent the funda-Salvation Front, which won the mentalists from winning a major-

Algeria expelled the movement's leaders. But it is widely expected that if a Muslim fundamentalist government came to power here,

creased here among several diplomats and Algerians that the government of President Chadli Bendjedid, which was surprised by the voter support for the Islamic Salvation Front in the first round of elections, is preparing to abort the second round or to find a way to dilute the fundamentalists' mo-

What is clear, said Algerians in the government who spoke on condiffion of anonymity, is that a way is

That is raising tension here. On Friday and again on Saturday, there were reports from several witnesses that army units were moving days.

Algiers.
The government has only encouraged speculation over what it might do, in what seems an attempt to provoke the Islamic Salvation Front into reacting and giving the army a credible reason to suppress fundamentalists — something it has done before.

The Constitutional Council is supposed to release its decision on the contested seats in the next few

### U.K. Muslim Chief Urges Followers to Defy Laws

LONDON —A British Muslim leader has urged those professing the faith of Islam to defy British laws if they perceive them to be against their religious interests.

resist "any public policy or legislation" that conflicts with the interests of the 2 million Muslims in Britain. Later, the Home Office minister, John Patten, declared that all

British citizens and residents "must obey the law of the land." The dispute was a continuation of a conflict between the government and Muslim militants who have challenged Western standards and cultural norms in Britain. Several Muslim leaders in Britain have supported the Iranian government's call for the assassination of the novelist Salman Rushdie

The Muslim leader, Kalim Siddiqui, director of the Muslim Institute in London, told an inaugural meeting of the unelected, 155-member Muslim parliament over the weekend that Muslims should

In his speech, Mr. Siddiqui, 60, said the new Muslim body would take its place among the "primary institutions" of Britain and would "define and defend and promote" Muslim interests.

# Baghdad and UN Study Options for Iraq Oil Sale

Reusers

Bagbdad rejects the conditions mission destroying or removing UNITED NATIONS, New set out in the resolution for the sale Iraq's nuclear, chemical, biological York — Iraq is to begin talks of its oil, saying that strict UN wednesday with the United Namonitoring of the transactions and tions on the first possible sales of its oil since an international trade embargo was imposed to sanction Baghdad for its invasion of Kuwait

in August 1990. Meeting in Vienna for two days, Iraqi officials will investigate the practicalities of limited petroleum exports before Baghdad decides whether to sell oil again.

President Saddam Hussein's government has so far refused to approved in October allowing Iraq to sell as much as \$1.6 billion worth of oil for food and other humani-

the presence of UN and foreign oil company supervisors represent an

insult to Iraqi sovereignty. U.S. and British diplomats on the Security Council have said that they are prepared to be flexible about many of the resolutions' terms but that basic guidelines, including UN monitoring of sales

and proceeds, cannot be altered. Baghdad is suffering from the take advantage of a UN resolution stringent embargo. And the UN approved in October allowing Iraq derived from the oil sales, to help pay for the relief supplies it distributes in Iraq as well as for the comand ballistic weapons.

**U.S.** Accusations

The State Department has accused Iraq of continuing to impede international aid to its people and has called on Mr. Saddam to resume sales of crude oil immediately, The New York Times reported

from Washington. A department spokesman, Richard A. Boucher, catalogued several recent Iraqi attempts to block the distribution of donated food and medicine to tens of thousands of

ln a separate statement titled "Humanitarian Issues in Iraq," the U.S. military personnel are still State Department said: "The retaking part in the operation.

ple are extensive, well documented and compelling. But there is a limit to what the international community can do in the absence of Iraqi cooperation."

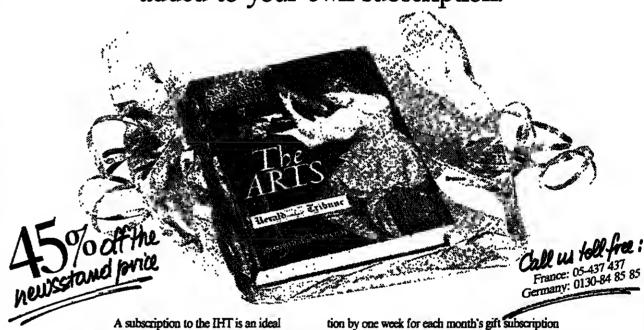
"It is not the international sanc-

tions which starve Iran's innocent civilian population," the document read. "It is the policies of Saddam Hussein's regime." The Bush administration on Friday praised Turkey's recent decision to extend the allied military and relief effort to protect and help

nority through June. About 1,800 air force and other

feed Iraq's northern Kurdish mi-

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### Russia Can Make It

food prices, Russians are reported to be tense and gloomy in this darkest season of the year. They are too gloomy. Russia is a potentially rich country, and if it can get through the coming hard year without losing faith in the road that it has taken the probability of rapid improvement will be high. The Bush edministration is exactly right to press for membership as soon as possible for Russia and the other republics in both the International Monetary Fund and the World Bank. Both are already at work in most of the republics, and both will be invaluable

cources of expert advice and financing.

Perhaps George Bush's change of heart will mark the beginning of a more active American role in the rehabilitation of the former Soviet economy. Until now he has been strangely hesitant. You would think that a conservative president, an enthusiastic believer in free markets, would have jumped with both feet into this opportunity to help transform a failing socialist system into a demonstrably better non-socialist one. There is still time for Mr. Bush personally to throw his full weight into this historic endeavor.

It is pretty clear what needs to be done first and most rapidly in Russia. Above all, the Russians have to curb inflation and stabilize their currency. Only the Russians themselves can take the basic steps - putting a new tax system in place, balancing the budget, turning off open-ended credit to

Staggered by the shock of decontrolled inefficient state-owned industries, privatizing enterprises as fast as they can. But some kinds of help can come only from the industrial democracies. Probably the most urgent is a fund to stabilize the ruble, like the one that the West put up for the Polish zloty. That would make the ruble convertible, enormously assisting trade and investment. The success of the Polish experiment is an

invitation to repeat it on a larger scale, Although the Poles have been through an uncomfortable couple of years, life in Poland is unquestionably improving rapidly. Russia has advantages that the Poles do not, above all enormous natural resources. Even amid all the turmoil and decline of its past year, when the Soviet Union went out of existence last month it was still the world's biggest oil producer. The former Soviet republics have vast reserves of natural gas, more than all of the Middle East put together.

Serious economic reform always begins harshly. But there is good reason to think that, with sensible policies and the fortifude to stick with them, Russia will soon work its way to a rising standard of living. The question for the United States, having spent many hundreds of billions of dollars over the years to defend itself from the Soviet Union, is whether it is willing to invest a very small fraction of that amount in the friendship and prosperity of the former

— THE WASHINGTON POST.

### The 15th Cease-Fire

Croatian forces have failed in the past six months, but the 15th looks as though it might hold well enough to permit deployment of some 10,000 United Nations peacekeeping troops. If so, great credit is due to Cyrus Vance, the former U.S. secretary of state now serving as United Nations special envoy. Mr. Vance does not pretend to have resolved all the complex issues of sovereignty, territory and minority rights that led to combat, but be has worked to halt the killing that has bled Yngoslavia and threatened to draw neighboring countries into destructive conflict.

The Vance proposals, agreed to on Thursday by Serbian and Croatian military leaders, recognize that the old federal Yugoslavia is finished. They call for the Serbian-led rump of the federal army to withdraw from Croatia. It is to be replaced by UN peacekeepers, who will be deployed as soon as the cease-fire takes firm effect. Local Serbian militia leaders are not direct parties to the

agreement but are expected to go along.

Together the federal army and Serbian ethnic militias occupy one-third of the territory that once belonged to the Croatian Republic. This disputed territory is now to be demilitarized. The approximately 600,000 refugees who have fled from the region are to return home. Eventually, the inhabitants of these ethnically mixed areas will vote on

whether they wish to join Croatia or Serbia. Only if both sides are satisfied with the fairness of these election arrangements will there be lasting peace. But an enforceable cease-fire is the necessary first step. Earlier mediation attempts by the European Com-munity failed because member states were divided over such issues as whether to formally recognize Croatian independence. The Community also lacked any credible military

arm to enforce its proposals.

Germany then declared that it would recognize Croatia. Other European states, allowing concerns that this might provoke Serbia to greater ferocity, followed the German lead. As it turned out, the initiative appears not to have hurt Mr. Vance's mediation, and it probably hastened its success.

The United Nations has rightly resisted the idea of deploying its forces while heavy fighting continued. This 15th truce could yet break down before the peacekeepers arrive. In that case the Security Council can best respond with punitive economic sanctious against those responsible for the resumption of fighting.

Mr. Vance has now given Serbian and Croatian leaders their best chance in many months to halt the agonies being inflicted on both their peoples. A watching world hopes that they will make wise use of it.

A New South Africa

#### would the earthquake in South Africa occasion so little astonishment. The country's faltering economy played a part. So did first interracial convention is now striving to bring about what would have seemed impossible a few years ago: a multiparty democracy, a common citizenship and oo discrimination. Prospects for achieving these goals are realistic enough to provoke increased vio-

lence by dichard opponents of compromise. Think for a moment of the blood and tears it took to convene this Convention for a Democratic South Africa, known as Codesa. For most of this century, white South Africans have been deaf to demands for rudimentary racial justice. After blacks formed the African National Congress in 1912, a white-ruled Parliament responded by limiting African land ownership to tribal reserves, the first big step to total apartheid. South Africa moved the rest of the way when the National Party swept to power in 1948. Led by Afrikaners who despised blacks as "kaffirs" and resented past British dominion, the

new government codified racism into law. Segregation was mandated from schoolroom to bedroom, from cradle to coffin. All blacks became "citizens" of impoverished Bantu homelands. Security laws stifled dissent. White repression and black resistance turned violent in the 1960s, beginning with the police massacre at Sharpeville. The African National Congress and other antiapartheid groups were banned, and their leaders were convicted in show trials.

Liotil a few years ago, the common belief was that change could come only through a bloodbath, that nothing would induce a privileged minority to share power with a huge, exploited black majority.

—THE NEW YORK TIMES. No doubt global ostracism, sanctions and a longer be plausibly linked to the Soviet threat. But perhaps the decisive change occurred in the minds of an Afrikaner ruling elite. The contradictions and cruelties of apartheid became impossible to justify in a country dependent on urban black labor and vulnerable to diminishing loans from foreign lenders. Rooted in realism as well as conscience, the new ontlook was best

sential moderatioo proved greater than white South Africa expected, or deserved. These two leaders speak for fearful constituencies; last week's bombings of three public buildings and the killing of police by shadowy groups suggest that the extremists have not given up. Both leaders, therefore, must worry about their flanks as they grope for a middle ground. But the momentum to

expressed by a oew president, F. W. de

Klerk. He wisely gambled on releasing Nelsoo Mandela, whose eloquence and es-

power sharing oow seems irreversible. All but two of 18 political parties are represented in Codesa. The convention can act on the basis of "sufficient consensus" to form a transition regime as talks proceed on a oew charter incorporating an enforceable bill of rights. Although formidable differences remain, the era of white rule has now

ended in South Africa. That such a thought can even be uttered is cause for amazement and celebration. And as Codesa moves forward, Americans can finally turn to ways of helping instead of punishing South Africa.

- THE NEW YORK TIMES.

### Other Comment

### **Expulsions Between Rounds**

Israel's announcement that it will be expelling 12 Palestinian Arabs involved in the recent space of pure hard-terror attacks on Israelis and Palestinians alike is being utilized by the PLO to disrupt the peace negotiations due to resume in Washington this week. Critics of the expulsions, by implication, suggest only two real alternatives: either using collective punishment such as curfews as the primary means of maintaining order, or allowing the regime of terror of

Palestinian hit squads to expand, thereby causing a total deterioration of security throughout the territories.

— The Jerusalem Post. While the world was cherishing the hope that the oew year would infuse vigor into the Middle East peace process, Tel Aviv presented the international community with a typical gift: the expulsion of 12 Palestinians. Hopes are dwindling that the second round will ever get off the ground. - The Egyptian Gazette (Cairo).

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international Herald Tribune. 151 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel: (1):46.37 93.00. Telev. Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698. Directoir de Li Publication : Richard D. Simmons

Chairman from 1958 to 1982: John Hay Whatney

Eding for Asia: Michael Richardton, S. Canterbury Rd, Singapore 0511, Tel.472-768. The RSS6928

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# The Japanese Little Brother Has Grown Up

WASHINGTON — George Bush says his trip to Japan is about American jobs, an effort to transform his perceived obsession with foreign policy into a political strength. He is taking decisive action on behalf of recession-weary Americans. Think of his foray into Japan as his

First campaign stop: He's getting tough.
Since the effectiveness of "getting tough" with
Japan was first realized, American presidents have
attempted to use the Japan-bashing mood of con-

Japanese are already expressing caution about spending their resources in America, at least in the immediate future.

gressional protectionists as a tactic to gain concessions from Japan whenever a particular trade issue has been negotiated. We see it happening again.
But although bashing Japan tends to play on America's own emotional needs, it only muddies the relationship between America and Japan as

the relationship between America and Japan as cultures. The two peoples continue to see their relationship in vastly different cultural terms, and the result is a growing misunderstanding about what each thinks is going on with the other.

Americans continually express frustration and resentment at Japan and its trade practices, emotions that underlie President Bush's own faintly prepracticus public attitude on this trin. The United pugnacious public attitude on this trip. The United States seems ever in search of a "policy frame-work" to address its relations with Japan. The

work to address its relations with Japan. The reason is that America sees that relationship in almost entirely legalistic terms.

There is nothing inherently wrong with a legalistic underpinning to foreign relations. Applying it to Japan, however, has failed because the Japanese have a strikingly different view of the relationship: The postwar generation transformed their relationship with the powerful and victorious United States into something emotional, almost intimate.

Largely due to America's military power, eco-

nomic success and humane behavior as a victorious

Each One

Going Its

Own Way

By Hobart Rowen

WASHINGTON — At the start of the new year, the United States and its major trading partners have shifted economic cooperation

into reverse gear, and as a result, many experts fear, could back them-selves into a global recession.

American stagnation continues.

Germany's Dec. 19 boost in interest

rates has all but killed the prospect

that "Europe 1992" will be a global engine for growth. And the Japanese

The German move, as the Federal

Reserve lowered the discount rate in

America, was dramatic evidence that

the Group of Seven coordination process is dying on the vine. Each

major country is attending to its own current problems with little regard to

the impact of its decisions on others.

At the peak of the Group of Sev-

en's influence in the late 1980s, ef-

forts were made to coordinate fiscal and monetary policy, but today there seems to be little enthusiasm for the

G-7 process. Recently the group has

spent most of its time on the Soviet

food problem. This is important, but

it does not address macroeconomic

disputes among the major powers. George Bush's trade promotion mission to Tokyo symbolizes Ameri-

ca's preoccupation with internal af-fairs. Mr. Bush's political bow in the

direction of protectionism is not likely to pay more than token dividends, and

could be counterproductive in a Japan

In all probability, the Group of Sev-en is an anachronism in a world veer-ing toward a new isolationism. In the

United States the trend is fed not only

by the Republican right wing but by

the entire group of six Democratic presidential contenders, who, with

heavy support from Congress, back one form or other of managed trade.

sisted by President Bush, dampens

The inward look, once strongly re-

obsessed with its own problems.

economie boom is clearly over.

By Mac Masakatsu Horino

occupier, many postwar Japanese perceived their relationship with America in terms of amae no kankei, which means "to depend on another's care and indulge in another's kindness." This is in fact the core of Japanese social relations. "Amae" is a concept applicable to Japanese relationships such as parent-child, older-younger brother, teacher-student, employer-employee and Inshand-wife.

Once the relationship is acknowledged, the partice are headed in accordant politicators teacher.

ties are bonded in emotional, obligatory terms, rather than in legally binding, contractual terms, the way Americans tend to institutionalize most societal relationships

societal relationships.

Americans may find such a perception striking. Their legalistic approach implies a relationship among equals, whereas an amae-based relationship suggests that the initiative belongs to the more powerful of the two parties. In fact that has been largely the case since the war, at least in Japanese eyes. Americans enjoyed an initiative of power that they have rarely understood or exploited, while the Japanese have often exploited their position as the party who is free to learn from its teacher and to adont what it learns to its own needs.

party who is free to learn from its teacher and to adapt what it learns to its own needs.

Japanese and Americans perceived their relationship quite differently from its earliest postwar stage. After the war, when Japan took up baseball as a national sport, Americans doubtless felt a burst of missionary-like cultural pride: The Japanese were taking up American ways. Americans believed that leaves a proposal ways as a standard or a proposal ways as a second adopt the second proposal ways. Japan would adopt American cultural values as well. It was a costly misconception. Japan plays baseball by its own set of rules, modified to suit Japan's own culture. The same thing happens in the global marketplace: It trades the same way. George Bush's visit comes at an interesting mo-

ment in the relationship. On the one hand, he might well be the perfect vehicle for Japan's strategy of economic globalization, one that expands its sphere of sociocultural values and practices. In traditionalist Japanese eyes, Mr. Bush is the prototype wellbred, privileged American, vulnerable to the Japa-nese amae relationship. On the other hand, it may not matter any more. Both parties are changing.

America's military prowess in the Gulf war was impressive, but equally impressive was its request that other countries underwrite much of the cost. Japan's hefty share of that cost was considered by the older generation of Japanese to be an inescapable obligation to the "older brother," the United States — part of the amae relationship. They may not have welcomed it, but it was a

commitment to be honored. That was not so for the emerging majority of younger Japanese, who never experienced postwar hardship or the basis of the amae relationship.

hardship or the basis of the amae relationship. Younger Japanese have lived materially affinent lives and know Japan only as a superpower, to them, amae is an anactivenism. "Americans are going after our money again," say the more cynical younger Japanese. "Americans should share power and leadership with the economic superpower, Japan."

Younger Japanese want a new national identity; they want to throw off traditional Japanese culture, which they see as provincial and inapplicable to the projection of global influence. What they are adopting is American culture and life-styles — again adapted to their own needs. What they are rejecting are such mental attitudes as amae.

This is the energing nationalism in Japan today.

This is the emerging nationalism in Japan today.

America's changing economic fortunes play a
role. The expectations of Japanese for the American
economy are not at all optimistic, they are already expressing caution about spending their resources in America, at least in the immediate future.

American consumers, by reducing their debts and tightening their budgets, have demonstrated a prudence and realism yet to be shown by the U.S. government. Perhaps, as Americans respond to the first drop in their country's GNP since World War II, other signs of economic prudence will emerge.

In the end, this is a more effective way to deal
with Japan than presidential posturing or rhetoric
about a "level playing field." It will awaken the image-conscious Japanese to examine their own behavior toward America and its culture.

Mr. Horino, a former Washington correspondent for the Japan Economic Journal, is a writer and consultant on Japanese-U.S. relations. He contributed this comment to The Washington Post.

NO MORE OF THIS (III) GOLLY!
THES TRADE THING, YOU WARN.
BARRIER-WISE, HECK!
I'VE GOT HERE WELTS ABOUT
JOBS! JOBS! JOBS!
AND IT MUST.
YOU CAN'T, I MEAN I WON'T,
I MEAN YOU BETTER!!
UNDERSTAND?!?

TRANSLATION

# A Metaphor For Failure In America

By Anthony Lewis

BOSTON — George Bush's visit-to Japan this week, with his en-tourage of business executives, is a metaphor for what ails America. There in a neat package are symbols of corporate failure, social division and lame political response.

The most prominent businessmen in the delegation are the leaders of the U.S. anto industry: the chief executives of General Motors, Ford and Chrysler. And what is their message to Japan and the world? That when an American leads his company into isastrous losses, his response is to whine about the competition and indulge his personal greed.
Ten years ago the American manufacturers won "voluntary" restraints

#### The president should be visiting Japan to learn.

on Japanese auto exports to the United States. They said they wanted the protection temporarily: a breathing space to modernize their products and production methods. After 10 years the American manufacturers are in worse trouble than ever. Gen-eral Motors lost between \$6 and \$8 billion in 1991. Last month the company announced drastic measures to cut jobs and close plants over the next three years, steps that experts thought were long overdue. Ford and

Chrysler are also losing heavily.

Having failed to make enough good use of the protection they were given, the car companies want more. Mr. Bush is expected to press Japan for new export quotas. The losers will be American consumers, who buy Japa-nese cars not out of some bias but because they are very good cars.

Mr. Bush talks passionately about

free trade and fair competition. But by bringing the Big Three auto executives along, he tells his Japanese hosts that what he really wants is an unfair protected position for inefficient American manufacturers.

There is another reason why the Japanese are likely to be unimpressed. That is the record of the American automobile chiefs in lining their own pockets while they run their companies into the ground.

The loudest of the auto chiefs is Lee Iacocca of Chrysler, In 1990 he was paid \$4.65 million and given \$718,000 in Chrysler shares; and the company bought two houses from him because he could not get what he wanted for them in a falling real estate market, GM's chairman, Robert Stempel, got \$2.18 million in immediate and deferred compensation in 1990. His pre-decessor, Roger Smith, who presided over much of the company's slide, gets an annual pension of \$1.2 million.

In Japan, managers whose compa-nies do so badly resign. The ethic is personal responsibility — which does not seem a bad idea for any society. And Japan has a very different idea be paid. The American pattern, with chief executive officers getting 160 times the pay of an average worker,

seems to the Japanese to be grossly disproportionate and socially divisive. The Wall Street Journal provided some comparative figures recently in a compelling story by Jill Abramson and Christopher J. Chipello. It should be required reading for all interested in the comparative rise of Japanese and decline of American industry.

The 12 major chief executive offi-cers who are with Mr. Bush earned, on average, a little more than \$2 mil-lion in 1990. Chief executives in Japan get about one-sixth of that fig-ure: between \$300,000 and \$400,000 a year. And they pay a top marginal income tax rate of 65 percent.

A U.S. president who sought serious answers to the decline of American manufacturing might go to Japan to learn. He would learn about the ethic of responsibility, and about a system that values the production line worker and not just the executive.

If he had an open mind, that president would also learn how much Ja-pan has achieved by industrial policy - by government working with industry to support civilian research and development and point capital toward promising areas. He would see what a difference it makes when the government does something about cation instead of just talking

But we Americans do not have that resident. We have one who repeats the cliches of free enterprise good, government bad. We have one who cares about short-run politics instead of the long-run problems — the criti-cal problems — of the American economy. We have one whose answer to ecession is to blame the Japanese.

The New York Times.

# The Challenge From a Rising Japan Is Inevitable

OS ANGELES - Japan and America are on a geopolitical collision course that is rooted in a logic of international relations and has little to do with trade frictions, memories of the Pacific War or latent

ethnic animosities.
It is fashionable to believe that the "new world order" — which assumes that the United States is the only great power and that democracies do not fight each other —presses a peaceful era in which old concepts of interna-tional politics have become obsolete. In truth, international politics is re-

verting to the historic pattern of great-power rivalries in a multipolar setting. Policymakers must rethink the conentional wisdom which holds that the United States is not threatened by Japan's economic success and that as long as the American economy grows somewhat, Americans need not be concerned if Japan's economy grows faster. This naive view stems from a Cold War-induced amnesia about in-ternational political realities, especially the fact that the international system remains fundamentally anarchic.

Ultimately, countries must look after themselves; their primary impera-tives are survival and decision-making autonomy. A state must be concerned that others may become too powerful. To be sure, there are compelling reasons for countries to cooperate, and they often have common rather than conflicting interests. This is especially

true with respect to economics, be-

cause the advantages of free exchange

and specialization can enrich all par-

ticipants in an open trading system. During the bipolar postwar era, the Western alliance functioned to sub-stantially eliminate competitive concerns - womies about the relative distribution of power and wealth among the United States, Japan and Western Europe. With the Cold War's passing, U.S.-Japanese relations are By Christopher Layne

shifting from an uneasy alliance to wary rivalry; geopolitical competitiveness is no longer suppressed by the imperative of anti-Soviet cohesiveness.

The security dilemma embedded in international politics impels states to compete against those of comparable power. They emulate each other politi-cally, militarily and economically. In multipolar systems the first- and

prospects for a successful international trade negotiating round under the aegis of the General Agreement on

Tariffs and Trade, and makes more

likely the breakup of the world trading

system into powerful regional blocs: North America, Asia and Europe.

Even within the blocs, national in-

terests may dominate. This problem is

best symbolized by Germany's deci-

sion on interest rates, taken over the strong objections of its European part-

ners. The grand rhetoric generated

only a few weeks before at the Europe-

economic and political unity was brusquely pushed aside by Germany.

an summit in Maastricht proclaimit

second-ranked powers become competitors. Japan will come to terms with its emerging great-power status, and what is now primarily a commercial rivalry will acquire a security and diplomatic dimension. The fact that at some time between 2025 and 2050 Japan is projected to pass America as the world's leading economy is of enormous strategic significance.

The U.S.-Japanese rivalry will not

be muted by interdependence. Inter-dependence causes tension, not tranquillity, in international politics, because states tend to quarrel with or compete against others with which they have a high degree of interaction. In 1914, Germany and Britain were each other's best trading partners, and the United States was Japan's leading export market in 1941.

It is vain to hope that Japan will not become a great power or that it will adopt more acceptable policies. Considerations of security, autonomy, military and economic competitiveness and prestige inexorably will drive Japan's emergence as a world power. Japan's basic outlook will not change. its export-oriented mercantilism reflects its position as a resource-poor country and can be traced to the leaders of the 1868 Meiji Restoration, who believed that exports were the key to

Japan's wealth and strength. America's predicament with Japan is the result of what the political scientist Arthur Stein called the hegemon's

dilemma. Rather than trying to maintain its overwhelming post-World War II relative power position, the United States defended Japan and Western Europe from the Soviet Union and actively aided their eco-comic recoveries. In the medium term this policy brought security and economic benefits to all.

an powers have no choice but to fol-

low the lead of the powerful Ger-

mans, since their currencies are tied

to the Deutsche mark through the

European Monetary System. Thus,

although France is on the verge of

Banque de France was forced to raise

interest rates. So did other European

In Britain, which is struggling to

generate an economic recovery, Prime Minister John Major's government has been moving the other way, lower-ing interest rates. With higher German

rates, Mr. Major cannot continue to pursue that policy without triggering a scrious drop in the value of sterling.

what could be a serious recession

monetary authorities.

Over time, however, Japan (like the German-led European Community) was freed by the U.S. security umbrella to become a trading state, and by growing stronger in relation to the United States it positioned itself to challenge for global political and eco-nomic preeminence. What had been a sound policy during the early Cold War years backfired because the Unit-ed States stuck with it too long.

America's relative economic decline, the Soviet Union's collapse and Japan's emergence as a powerful inter-national actor require a new, twopronged national strategy - first, forcing Japan to confront international political realities by ending the American defense protectorate and thereby shifting to Japan the security responsibilities now borne by the United States; second, moving beyond the stilted concepts of free trade, fair trade and protectionism, and adopting a geo-economic strategy that enhances U.S. power in relation to Japan.

This means, for instance, stemmin the outflow of technology, preserving a strategic manufacturing base and strengthening the dollar to raise the cost of Japan's imported materials. The Bush administration's answer to those who want to change U.S.

policy in response to the Japanese challenge is to denounce "isolation-ism" and invoke the mindless mantra of "maintaining American leader-ship." But pretensions of global lead-ership are mocked when the United States (according to the Department of Commerce) is falling behind Japan in key emerging technologies, when Japan spends more on investment carch, and when America is beholden to Japanese creditors.

The Japanese challenge is long-term and strategic, and it is hardly

Looking at the whole picture, the

prospect for the year ahead is for low or lower interest rates in Japan and the

United States, and high or higher rates

in Europe, with little chance that the

Group of Seven can or will do any-

thing about the policy divergence.

The capitalist world, at the very

time when the former Soviet and East

European socialist command econo-

mies are looking for guidance, is itself drifting in uncharted waters, desper-

ately seeking familiar landmarks.

What is needed is a resumption of real economic growth, which in a rational world should be facilitated by the

transition from Cold War to peace.

The Washington Post.

isolationist to suggest that America concentrate first on vigorously de-fending its own interests in the competitive trans-Pacific relationship.

The writer, who teaches intern al politics at the University of Califor-nia in Los Angeles, contributed this comment to the Los Angeles Times.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Noted Writer III PARIS - M. Guy de Maupassant

has become calmer, or rather he has fallen into a state of complete prostration. He is still at times affected by delirium, but it it not violent. His mental state is such as to necessitate confinement. As his self-inflicted stah wound has not developed any complication, and is in a fair way for recovery, it is oearly decided that he will leave Cannes for Paris. Dr. Pani Garnier, the well-known mad-doctor, states that the beginnings of M. de Maupassant's madness can be detected in his book Le Horla. He considers that only a man who had himself experienced some tendencies to madness could have described, as M. de Maupassant has, the delirium produced by intoxication.

1917: Roumanian Front PARIS - Brails and Foscani continned to be the storm-centres of the

fighting on the Roumanian front, and

yesterday's [Dec. 5] operations, as re-lated in the official reports from both Petrograd and Berlin, resulted, gener-ally speaking, to the advantage of the Germanic force, which made fresh progress in both of these scenes of action. By a further advance in the Dobrudja, Mackensen has tightened his grip on Braila from the east.

1942: Tire Rationing NEW YORK - From our New

York edition: The rationing, which went into effect throughout the country yesterday [Jan. 5], was slow in getting started in New York City. At the close of the day only three cars had been equipped with oew tires in New York, although applications for ration certificates were filed by twenty-seven eligible auto-mobile and truck owners. The three cars equipped with the first new tires sold in New York since Dec. 10, when the Federal government halted the sale of tires and tubes, were owned by physicians.





A man accused of firing into a crowd of Gamsakhurdia supporters being interrogated in Tbilisi.

# Big U.S. A-Arms Cuts Urged

By R. Jeffrey Smith

Washington Post Service
WASHINGTON — A key military advisory panel has urged the Bush administration to respond to the breakup of the Soviet Union by cutting thousands more nuclear weapons from an already shrinking U.S.

use and by making major revisions in the secret U.S. plan for targeting those weapons.

The panel said in a recent, private report requested by the director of U.S. mulear targeting. General Lee Butler of the U.S. Air Force, that to deter an increasingly improved the Cariste ettack. Washington should adopt a "new nuclear posture" involving far fewer strategic weapons than are now deployed.

Outlining what the panel of current and former Pentagon officials called a comprehensive nuclear transacting along for the post Cold More contributions.

targeting plan for the post-Cold War era, the report said a smaller U.S. arsenal of long-range weapons could bolster the nation's status as a leader in world affairs and deter hostile actions by Third World countries and by the former republics of the Soviet Union:

The 44-page report, a copy of which was obtained by The Washington Post, recommends that the United States aim a total of roughly 5,000 nuclear weapons at its potential foes in the next few years. It says that further cuts might eventually be warranted, but that in no case should the U.S. arsenal drop below the total number of French, British, and Chinese nuclear arms. That total, estimated at nearly 1,500 warheads now, is expected to grow to 2,000 in several years.

. A 5,000-warhead arsenal is larger than some independent nuclear arms experts have recently urged, but would still have 4,000 fewer warheads than allowed by the Strategic Arms Reduction Talks treaty concluded with Moscow last year. The treaty is now awaiting

The proposed U.S. arsenal would also have 6,500 fewer long-range nuclear warheads than the United States now deploys; and 5,000 fewer strategic war-heads than are believed deployed by Russia and three other former Soviet republics under a single

If adopted, the plan would constitute the most of just 1,000 strategic warheads.

By Don Oberdorfer

g 1244

 $f_{\rm max} \approx 2.77$ 

. . . . . . . . . . . .

Washington Post Service

Komplektov, the Soviet ambassa-

dor to the United States from June

until the abolition of the Soviet

Union on Christmas Day, has left

Washington for Moscow and is not

Mr. Komplektov, 60, a veteran

specialist on U.S.-Soviet relations

who served as an aide to former.

Foreign Minister Andrei A. Gro-

myko and to the longtime Soviet

ambassador to the United States.

Anatoli F. Dobrynin, was sum-

moned to Moscow for consulta-

tions. As former Soviet diplomats

change their official status and ori-

entation in an extensive shakeup,

embassy sources said it appeared

unlikely that Mr. Komplektov

Andrei Kolosovsky was left in

charge of the mission, which has

been renamed Embassy of the Rus-

sian Federation. In November,

President Bons N. Yeltsin of Rus-

sia designated Mr. Kolosovsky as. Russia's representative in the Unit-

expected to return.

would return.

WASHINGTON - Viktor G.

Former Soviet Envoy

Is Recalled From U.S.

Military Panel Proposes Sweeping Revision of Strategy sweeping revision of U.S. strategic targeting since the nuclear age began nearly 50 years ago, according to several members of the Joint Strategic Target Plan-

ning Staff advisory group. U.S. weapons would no longer be targeted by a socalled Single Integrated Operational Plan containing myriad options for detonating nuclear warheads on former Soviet territory, but by five separate plans emphasizing strikes against "every reasonable adver-sary" around the globe with either nuclear or non-nuclear weapons, the report states.

General Butler and other senior military officials declined comment on the recommendations, which stemmed from a five-month study involving 21 ouclear weapons experts who have served in the Carter, Reagan or Bush administrations. Secretary of Defense Dick Chency has previously said that he is wary of

making major new strategic arms ents. But the panel chairman, Thomas C. Reed, a secretary of the air force under President Ronald Reagan, said in a telephone interview that "there's been a wide reaction" inside the administration "that it's a good

He said Pentagon officials were editing the report for public release in coming weeks.

One panelist said the report was the opening shot in an expected national debate over what role, if any, long-range nuclear weapons should play in protecting U.S. interests now that communism has collapsed and East-West ideological conflict has waned.

Several independent experts who reviewed the advi-sory report said they believed that it did not go far enough in urging deep nuclear weapons ents or affirm-ing the limited role that such weapons would play in protecting U.S. security.

"The analysis represents only a very marginal change from Cold War thinking," said former Secre-tary of Defense Robert A. McNamara, who along with two other experts wrote recently in Foreign Affairs that Moscow and Washington should aim for arsenals

Russians Deny

**POWs Report** 

MOSCOW - Russian in-

telligence has denied allega-

tions that agents of the former

Soviet KGB interrogated U.S. prisoners of war held by Viet-

Tass quoted a foreign intel-

ligence agency spokeswoman, Tatiana Samolia, as saying that Russian authorities had

studied KGB files and that

only one contact with a U.S.

prisoner was recorded, in

He was suspected of being a

spy but refused to see the

KGB agents a second time, the

of KGB staff contacting or

questioning American prison-

This contradicted allega-

tions made Timrsday by Oleg Klugin, a retired KGB gener-al, that Soviet agents had ques-tioned at least three U.S. pris-

This would have been some

five years after all prisoners

were to have been sent home.

oners of war in 1978.

ers in Vietnam," she said.

"There are no other records

spokeswoman said.

# In Georgia, Besieged President **Urges Vote**

TBILISI, Georgia — President Zviad Gamsakhurdia of Georgia offered Sunday to hold a referendum on demands for his resignation, possibly under United Na-

Speaking to reporters in the basement of his stronghold at the parliament building, Mr. Gamsakburdia said he was confident that he would win a popular vote. But he was not optimistic that rebel leaders would accept his offer.

"If they speak about resignation of the president, it must solved by referendum," Mr. Gamsakhurdia said. "But they do not want that. They know they will be defeated. They want to take power by vio-

At least 73 people have been killed and about 400 wounded in two weeks of fighting between Gamsakhurdia loyalists and the opposition, which accuses him of serzing dictatorial powers and violating human rights.

Tass reported Sunday that the neighboring republic of Armenia had offered political asylum to Mr.

Gamsakhurdia and his family.
The Georgian president said UN participation in the proposed referendum "would be very good." But, be added, "I do not know if the United Nations will react to this, because we are not a member." An uneasy standoff held Sunday

after rebel leaders said they would not storm the building which is guarded by loyalist troops with a tank and several armored personnel carriers.

Sporadie gunfire rang out around the building as a few Western reporters entered it to speak with Mr. Gamsakhurdia in his makeshift bunker, an unfortified pasement three flights below the

"I was sitting in jail for 11 months under Mr. Gamsakhurdia," said a rebel leader, Dzhaba loseliani. "Let him sit in his hunker for 11 months if he wants. There will be no storming unless it is provoked by Gamsakhurdia's sup-

### OATH: Fight Over Ships

(Continued from page 1) Ukraine, Azerbaijan and Moldova to go ahead with plans to form their

Ukraine's claim to the Black Sea Fleet, a major component of the former Soviet Navy, has been especially contentious, since Russia claims that it is a "strategic" force and so must remain under joint command. The dispute was aggravated in late December when Russia transferred a new aircraft carrier from the Black Sea, which borders partly on Ukraine and partly on Russia, to Murmansk, a Russian port.

Ukraine argues that the Black Sea Fleet cannot be considered a strategic force because it is not currently armed with strategie nuclear weapons, and that it is subject to Ukrainian control since its bome

port is in Ukraine. An initial round of negotiations between the Black Sea commander, Admiral Igor Kasatonov, and President Leonid M. Kravchuk of Ukraine on Ukraine's demand for an allegiance oath ended in dead-

The Ukrainian defense minister, Colonel General Konstantin Morozov insisted over the weekend in Kiev that "the Black Sea Fleet must be Ukrainian and is part of the

armed forces of the republic." Ukraine's claim to the Black Sea Fleet has been part of its broader claim to control over all military units on Ukrainian soil except for strategic forces, which it has agreed to leave under joint command. Kiev demanded that as of Friday all officers based in Ukraine either take an oath of allegiance "to the Ukrainian people," or retire or

transfer out of the republic. The demand reportedly has sharply divided the officers. Izvestia reported that entire regiments in the Carpathian military district, one of three in Ukraine, have refused to take the oath.

Marshal Yevgeni I. Shaposhni-kov, the former Soviet defense min-ister and now commander in chief of the Commoowealth armed forces, had earlier circulated a new down. oath in which soldiers were to pledge to observe the constitution and laws of the Commonwealth, as

well as the state in which they serve. The marshal said over the weekend in Moscow that Ukraine's initiative was "hasty" and that the is expected to remain with Mr. importance that Tokyo places on nese and bitter memories of the tiative was "hasty" and that the cash would cause "serious problems" for some 75,000 Russian officers now stationed in Ukraine.

Ukraine has sought to justify its move by noting that Commonwealth leaders agreed in Minsk last Monday that member states could form their own armies and that only strategie forces would be required to come under a united com-

Immediately after the meeting Mr. Kravchuk declared that all three military districts in Ukraine - the Kievan, the Odessan and the Carpathian - and the Black Sea Fleet were under his and General Morozov's command

The Black Sea Fleet has been the more immediate issue because Russia argues that the original Commonwealth agreement specifically left the fleet under joint command as a "strategic force."

# **Madrid Juggles Autonomy and Unity**

By Barry James International Reads Tribuse

MADRID - From the mist-shrouded hills of Galicia jutting into the Atlantic Ocean to the searing summer heat of Andalusia, Spain is a land of diverse peoples with a reputation for stubborn independence.

Keeping them together while promoting autonomy at a time of rising nationalist demands is the government's biggest and costliest challenge.

Neither a unitary state nor a federal one, Spain has historically hovered between central control and flying to pieces. It is officially a "state of autonomies" in which each of 17 regions has broad powers of self-government, but little power to tax.

The independence of the Baltic states last year reawakened nationalistic yearnings in parts of Spain. Jordi Pojot, the president of the Generalitat, the Catalan regional govern-ment, argues that with Lithuania independent. Catalonia should have the same right.

"The Catalans are pulling the cord to see how far the government will go," said Juan Pablo Fusi Aizpurus, professor of modern history at the Complutense University in Ma-drid. "But Yugoslavia has frightened a lot of people. You are hearing a lot less talk about

In the Basque country, autonomy is not enough for a large minority who are seeking total independence. But the violent campaign of the dwindling ETA terrorist organization is cuming under increasing attack even among Basques for its indiscriminate brutalThe regional policy, Mr. Fusi said, "is expensive and there is an overlapping of the various administrations.

"Nevertheless," he said, "it is functioning better than we could have foreseen." Fernando Savater, a philosopher, said the regional policy "has somewhat tamed the problem of nationalism."

But nationalist leaders, he said, "are constantly trying to see how much they can get out of the center."

"They whip up conflicts in order to extract more money," Mr. Savater said. "They want the maximum benefits, without realizing that there are other regions with fewer advantages. This they do in the name of nationalism, while permanently making threats of independence that nobody takes seriously."

Spain emerged from the trauma of its civil war more than half a century ago as a nation that was officially "united, great and free." But if it was united, it was only because the victor of that war, Franco, imposed togetherness with an iron grip.

Today, the emphasis is more on liberty. Spain, says the sociologist Rafael Lopez Pintor, has returned to a political pattern that existed until the start of the 18th century with the arrival of the Bourbon monarchy, which introduced the French centralizing tradition.

"The tension in the Basque country and to a lesser extent in Catalonia is a legacy of the Franco years," Mr. Lopez Pintor said. "The regime was so intolerant that it radicalized

Although the cost of regional government

is "monumental," Mr. Lopez Pintor said, "this problem is never faced because you cannot put a price on the question of regional

Although Spain has decentralized its spending tax collection remains primarily the domain of central government, which provides the regions with more than 70 per-

cent of their hudgets. The regions, which have only limited taxraising powers, therefore spend money without the responsibility for collecting it. That formula practically guarantees deficits. The public debt of the regions grew tenfold in the

The regions are in a "tough confronta-tion," said Manuel Chaves, a Socialist and the president of the Andalusia regional administration, over which of them "can extract the most from the government without taking into account the oeeds of other communi

Enrique Gil Calvo, professor of sociology at the Complutense University, pointed in a recent article to the inherent parasitism of a system that encourages regions to hold our their hands for subsidies rather than to cooperate in increasing the national wealth. The regions, he says, should be given the responsi-bility of raising money as well as spending it.

The central government should understand that, Mr. Gil Calvo argues, because it is the same problems it puts to the European Community when it calls for a better redistribution of wealth toward poorer regions like

## SPAIN: End of an Economic Boom Taints the Start of a Gala Year

(Continued from page 1)

economist at Banco Hispano-Americano. By spurting ahead faster than

its European partners after joining the Community in 1986, Spain has raised its national income per head from 73 percent to 80 percent of the EC average. Although Spain's growth rate has fallen by nearly half in the last two years, to around 2.5 percent in 1991, the Spanish economy is still advancing faster than the ECs as a whole.

But not even the most optimistic forecasters will put a date on when Spain's income will rise to the magic 100 percent of the EC average, the government's primary long-term economic goal.

Some say the target could be met in the next few years, others by the end of the century. But, said Jaime de Pinies, chief economist at Chase Manhattan Bank in Madrid, "when they do the numbers, most people think it will take about 20 years — although there's no guarantee it will take place at all

This year's sporting and cultural festivities, primarily intended to coincide with the 500th anniversary of Columbus's voyage to the New World, were also seen as meshing neatly with Spain's view of its European destiny.

The year is also the 500th anniversary of the final ousting of the Moors, and thus the symbolie emergence of Spain as a fully European nation. The year's end will additionally mark the com-pletion of Spain's transition to EC, and the launching of the single market.

But celebrations of Spain's economic potential in Europe seemed more appropriate in the heady days of the late 1980s, when the Spanish economy was surging ahead at a dazzling 5 percent or more a year.

Now, "the economy is out of steam," Mr. Hay of Banco Hispano-Americano said, "and we can't expect much improvement this year. Everyone's getting very depressed about it."

Like other economists. Mr. Hay said the gloom that has hit Spain in the past month was not surprising, with the economy in the lowest part of its cycle and much of the rest of the world battling slow growth or recession. As a result, he said, he doubted whether the government would get "the big party it wants in

After 10 years in power, the



Spain's drive toward a modern economy has had little impact outside cities, as this cartoon points out. "You seem happier today," a peasant tells his donkey. "Clearly, that's because the value-added tax on luxury goods is coming down 5 percent."

sta will dolster its larity before national elections. They are due by 1993, but most

analysts believe that the govern-ment will call for a vote this fall. Commentators on the right say the government is spending inordinate sums on Olympic sports and clearly hopes that a good crop of medals for Spain will brighten the mood of an electorate that has been growing increas-

ingly disenchanted with the polit-But top government members like Francisco Fernández Or-

donez, the foreign minister, are now playing down the political significance of 1992's events and treating them more like only margmally important tourist attractions. Mr. Fernández Ordóñez is

among the many leading observers of the Spanish scene who beheve that the country is in danger of relaxing its efforts too soon. "Spaniards are used to making

government still hopes the great tremendous efforts over a period Fernández Ordónez said. "The most difficult thing in this country is to insist on and maintain a follow-up. Are we slacking off?

Yes, this is the risk." Mario Conde, the ebullient president of Banesto and probably Spain's best-known banker, agreed. "We need a new stimuhis" be said

"We have achieved important things, but the process is not fin-ished," Mr. Conde said. "We need an important effort in the next three or four years if Spain is to be in the first rank."

One of the main issues is how far the trade unions, and the voters who have supported the Socialists in the past, will agree to moderate their demands for raises, now that the best of the boom is over and unlikely to re-

turn in a hurry.

Another is whether political and other pressures will prevent the modernization of outmoded

industries, particularly in oorth-ern Spain and the Basque coun-

Most economists dismiss the down was in part deliberately engineered by the government after the economy overheated in 1989.

"We are one of the few cnuntries to have succeeded in a soft landing in the last four or five years," said Jose Juan Ruiz, a senior official at the Ministry of

Economy and Finance. But there is heated debate among economists over whether the latest downturn is cyclical or due to deeper structural faults. Many would say that it is a bit of

Not even the government de-nies that Spain's underdeveloped roads, airports, railroads and telecommunications are in urgent need of modernization, as are services like health, social security, education and training.

Efforts to improve matters have not always been successful. Spain's first high-speed train, between Madrid and Seville, due to be inaugurated in time for Expo '92 in April, is widely regarded as a disastrous mistake. Critics say highways such as Madrid's new M40 are built without adequate

But few Spaniards would dis-pute that rebuilding the country's transportation networks is essen-

tial if Spain is to prosper in the new Europe. "It affects the real competitive

ness of Spanish companies." Mr. Conde said.

petitive is perhaps the single most important item of the nation's unfinished business.

NEXT: Politics and corruption

#### Spanish King Marks **Birthday in Hospital** The Associated Press

MADRID — King Juan Car-los 1 celebrated his 54th birthday Sunday in a Madrid hospital recovering from knee surgery after

a skiing accident.
The Spanish monarch injured his right knee Dec. 28 when an out-of-control skier knocked him down while the royal family was on a holiday in the northern resort of Baqueira, A hospital spokesman said that the king's surgery on Dec. 30 had been successful but that he could be on

### **QUAYLE:** His Campaign for No. 2 Spot Paid Off

full diplomatie relations.

ed States. Mr. Kolosovsky, who re-

cently served as chief of the politi-

cal department of the Russian

Foreign Ministry and deputy for-eign minister, is widely expected to

be named Russian ambassador to

Mr. Kolosovsky served in the So-

viet diplomatic corps in Cuba and in the international organizations

department of the Soviet Foreign

Ministry. He graduated from the

Moscow:Institute of International

A deputy State Department

spokesman, Richard A. Boucher, said that a letter was received on

New Year's Day from Mr. Yeltsin

accepting President George Bush's offer to establish U.S. diplomatic

Mr. Yeltsin's reply "means that

we now have formal diplomatic re-lations with the Russian Federa-

No formal word has been re-

ceived from Ukraine, Belarus, Ar-

menia, Kazahkstan and Kyrgyz-

stan, which also have been offered

tion," Mr. Boucher said.

relations with Russia.

Relations in 1978.

the United States.

(Continued from page 1) final choice, a place on the vice presidential short list would mark him as a comer in national politics. "We basically figured it was winwin." recalled Marilyn Quayle, his wife of 19 years and a central player in his political life.

Six months after the New Hampshire primary, when Mr. Bush an-nounced at the Republican National Convention in New Orleans that he had picked Mr. Quayle as his running mate, it seemed a fluke, a rare moment of political captice on Mr. Bush's part. To much of America, Mr. Quayle appeared to have come out of nowhere - an anonymous, boyish baby-boomer plucked inexplicably from the rear ranks of 40-something conservative

But for J. Danforth Quayle, his selection was a happy result of mouths of subtle, even stealthy, planning —a quality not common-ly associated with his name.

People have a misconception of him that he just kind of sits back and lets things happen," Mrs. Quayle said. "He likes to appear that way. But he makes things hap-pen. He nudges it along so that it'll come out his way. He's always thinking, always figuring. He has a very good understanding of human nature. He knows what buttons to push with most people, what'll work and what won't work."

What the Quayles did not foresee was that the sharply negative press and public reaction to his selection paign, would create a seemingly indelible image of Mr. Quayle as an incompetent, dazed youth thrown

in among the grown-ups. During the three years of his vice presidency, his lightweight image has been a staple in the repertoire of comedians and satirists. Half the Americans questioned in a series of recent polls said they would like Mr. Quayle replaced on the 1992 Republican ticket, although Mr. Bush has declared that he will stay

a better bet than any other American, at least statistically, to be the next occupant of the Oval Office. a serious understanding of the situ-Since 1952, every elected vice president, except the disgraced Spiro T. Agnew, has gone on to claim his party's nomination for president.

conceal his own electoral ambitions for the presidency in 1996.

on the ticket. As vice president, Mr. Quayle is

Five of the last nine presidents served as vice president — two became president after their predecessors died in office, two were elected on their own, and one fol- edges limits his effectiveness in lowed a presidential resignation. communicating to large audiences. Mr. Quayle scarcely bothers to

Exposed almost daily to Oval most apparent in small groups, Office discussions and decisions on where he most often shines. national and international issues, Mr. Quayle's input appears to be political and congressional strateticularly Secretary of State James ideological vision.

for the No. 2 spot, along with his repeated stumbles during the camnational security adviser; Budget national security adviser; Budget Director Richard G. Darman, and the White House chief of staff. But to the distress of some close

> skates on the surface of issues, seeming almost to revel in the tra-ditional busywork of the No. 2 job as he flits among Republican banquets, photo opportunities and ceremonial appearances. "The vice president," said an as-sociate who works with him closely,

associates, Mr. Quayle too often

"walks by things instead of stop-ping to sayor or understand them." Mr. Quayle conceded that "when the circuits are overloaded, it takes away from the opportunity to have ation at hand." His close associates often question his depth and power of con-

centration. They also note that he is remarkably stubborn or indolent about his seeming inability to read a speech with proper inflection and self-assurance, which he acknowl-But they also know that what has sustained his political rise is his outgoing, gregarious personality --

Certain strains of conservatism, including an intense distrust of buvalued by Mr. Bush, especially on reaucracy, are clear in his thinking. But his victories as a politician regy, although he is overshadowed by flect his adaptability and tactical Mr. Bush's first-tier advisers, paracumen rather than a consistent

# Rebuilding Ties, Chinese Chief Will Visit Japan

By Nicholas D. Kristof New York Times Service BELIING - The Chinese Communist Party leader will visit Japan in the first half of 1992, the two governments said over the weekend in an announcement that underscores Japan's decision to lead the way among industrialized counties in rebuilding ties with Beijing after the 1989 Transmen crack-

a modest triumph for Jiang Zemin, the Communist Party leader who is officially described as the successor to Deng Xiaoping as China's para-Deng during his lifeti

Mr. Jiang has visited the Soviet Union and North Korea, but with the collapse of communism abroad there are fewer and fewer countries for him to visit to promote partyto-party ues.

The announcement Saturday confirmed the general trend of in-dustrialized countries renewing relationships with China that had been suspended after the army crushed the Tiananmen pro-democracy movement in June 1989.

The agreement on Mr. Jiang's visit came during discussions in Beiling between Foreign Minister Michio Watanabe of Japan and

visit is the first by any member of the present Japanese cabinet to any foreign country for bilateral talks.

oa during the Japanese occupation in the 1930s and 1940s.

For Japan, an imperial visit Foreign Minister Qian Qichen of China repeated an invitation to

was "seriously considering" the invitation. A Japanese Foreign Ministry official seemed to suggest that the emperor was most likely to visit in

August or September. Emperor Akihito's visit, which would be the first by any Japanese emperor to China, would be particularly delicate because of anti-Jap-

For Japan, an imperial visit might help put those enmines to rest; for China, the arrival of the Emperor Akihito to visit China, head of state of an industrialized and Mr. Watanabe said that Tokyo country would be an important step in its effort to reintegrate itself into the international community.

### China-Tajikistan Accord

BEIJING — China and Tajiki-stan established diplomatic relations on Sunday as Beijing continued to forge ties with republics that were ooce part of the Soviet Union.

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Page 6		RALD TRIBUNE, MONDAY, JANUA		Cr.	house & Most Price Con.
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Page 7

U.K. Says

Recovery

Is Delayed

Lamont Predicts

Growth Will Start

Compiled by Our Staff From Dispatches

Exchequer Norman Lamont ac-

knowledged on Sunday that Britain

had not yet begun to recover from recession but he ruled out any quick fix to stimulate growth, in-

cluding a devaluation of the pound.

mont withdrew his October forecast

of 0.75 percent growth for the sec-ond half of 1991, saying that had

He did not give a revised figure for the period, but he dropped his

repeated earlier statements that re-

He said the economy would be-

gin to emerge from recession in the first half of 1992 but the pace

would be gradual until later in the

year. He also said the Treasury's forecast for 1992 growth, which

was put at 2.25 percent in October.

"will be redone and will be present-

ed in the budget" in March. The influential employers' orga-

nization, the Confederation of Brit-

ish Industry, last week revised its

own 1992 growth forecast down to

In contrast to the short-term

gloom, the confederation said in a

study released over the weekend

that, The outlook for the competi-tiveness of British business, for in-

flation and in the longer term for

Mr. Lamont has faced stiff criti-

cism from some quarters of the ruling Conservative Party, jittery as

elections due hy July approach amid a resurgence by the opposi-

tion Labor Party,
But echoing Prime Minister John
Major, Mr. Lamont rejected artifi-

cial measures to stimulate growth

and followed up tough statements

last week ruling out a devaluation.

conference of European Communi-

ty members on a general realign-

ment of currencies in the exchange-

"Realignment is another word

Mr. Lamont insisted growth

for devaluation. We are not going

would occur in 1992 as the effects

of earlier interest-rate cuts, higher

real incomes and repayment of

consumer debts filtered through. But he said solid evidence might

though it has been postponed," he

be gradual at first but will acceler-

ate and will be stronger towards the

"We will have the recovery, al-

(Reuters, AFP)

to devalue the pound," he said.

rate mechanism.

He said there would not be a

I percent from 1.7 percent.

interest rates is good."

covery had already begun.

been "somewhat overoptimistic."

In a television interview, Mr. La-

LONDON - Chancellor of the

In Current Half

### EUROBONDS

### World Bank Plans Jumbo To Gain From Low Rates

Compiled by Our Stoff From Dispatches ONDON — The World Bank will make its long-awaited \$1.5 billion jumbo Eurobond issue this week, lured by the recent sharp drop in U.S. interest rates and the possibility of once again achieving a very low cost relative to benchmark U.S. Treasuries.

The World Bank's treasurer, Donald Roth, said the sale would commence this week. People familiar with the borrowers' plans said Merrill Lynch and Deutsche Bank would underwrite the

The World Bank is considered the consummate Eurobond issuer by investors and traders alike. Mr. Roth said the supranational agency has been considering selling the new bonds at a

The agency has

yield of no more than 20 basis points more than 10-year U.S. government notes. That would imply a maximum yield of 7.02 percent, based on the closing yield on Friday of 6.82

lowered its cost objective as percent on 10-year Treasuries. That may be on the high side now," Mr. Roth said of his spread target. "We're hearoutstanding bonds trade well.

ing a lot of good interest coming out internationally at very aggressive levels."

Other syndicate managers predicted a spread of between 17 and 19 basis points over Treasures. "It looks expensive historically but the deal should go well at that price," one manager said. The European Investment Bank sold \$500 million of 7.5 present 10 were hands in early December at a yield of 25 basis. percent, 10-year bonds in early December at a yield of 25 basis points above comparable U.S. Treasuries. The spread narrowed to 9 basis points soon after the bonds went on sale, and is now 11

The World Bank had originally planned the global bond issue for March, but it is keen to lock in long-term funding while U.S. interest rates are so low.

The new issue should establish another benchmark for longerdated Eurodollar bonds. The only other 10-year jumbos are Italy's \$1.5 billion issue one 2001 and a \$1.5 billion issue from the World Bank, also due 2001. That bond was launched last February at a spread of 17 basis points over Treasuries.

A SIDE FROM the World Bank speculation, the new year got off to a surprisingly subdued start last week with just three new Eurobond issues sold.

In recent years, there has been keen competition among banks to underwrite the first Eurobond sale of the year, UBS/Phillips & Drew gained the distinction this year, reopening the market by underwriting 200 million European currency units of 9 percent, two-year bonds for Export Development Corp. of Canada on

This was followed on Friday by an almost identical issue. Osterreichische Kontrollbank sold 150 million Ecus of 9 percent, two-year bonds via Paribas Capital Markets Group, the leading

underwriter in the Ecu sector in 1991, Last year, more than \$70 billion worth of new Ecn Eurobonds were sold, which was more than double the \$30.5 billion sold in 1990, according to Euromoney Publishing. Investment bankers expect to see similar growth this year, especially because the European Community's treaty on monetary union, reached last month, committed most of the signatories to using the Ecu as the

single currency of Europe by the end of the century, A spokesman for Panibas said demand was good for Osterreichische Kontrollbank's bonds considering that many dealers and investors had not yet returned from their holidays. Dealers said the steepness of the Ecu yield curve had generated strong demand

for shorter maturities. Syndicate managers also reported substantial buying of the Export Development issue by fund managers in the Far East.

Also expected to show robust Eurobond growth this year is the Canadian dollar sector. Canadian dollar issues accounted for 9 percent of all new Eurobonds sold last year, compared with 3.6 about 2 billion Canadian dollars of bonds mature in the next two

months, providing a steady stream of cash to soak up new issues. On Friday, Banque National de Paris sold 100 million Canadian dollars of 8 percent, five-year bonds via Wood Gundy. Traders said the bonds sold well, largely because of the lack of supply

Bankers said much of this year's new supply of Canadian dollar bonds is expected to come from Canadian provinces, which have large funding requirements for 1992.

According to Euromoney, the volume of new Eurobond issues topped \$247 billion in 1991, up from \$175 billion in 1990. Nomura maintained its position as the leading underwriter, handling more than \$21 billion of new offerings.

**CURRENCY RATES** 

# China Asks U.S. to Be 'Sincere' In Talks

By Lena H. Sun Washington Post Service BEIJING — China on Sunday

blamed the United States for the failure in trade talks over piracy of U.S. products, but said "just a little bit of sincerity" by the Americans could still lead to a lest-minute

Beijing's chief negotiator for the trade talks, Wu Yi, vice minister of foreign trade, who is heading a delfor a final round of talks, was quoted in the official English lan-guage China Daily newspaper as blaning domestic U.S. politics for

the breakdown.
"If the United States refuses to cooperate because of domestic political reasons, then the issue has nothing to do with China's protec-tion of international property rights," she was quoted as saying.
If the United States shows "just

a little bit of sincerity," she was quoted as saying, this last round of talks could end in agreement.

One of the Chinese government's three major foreign trade tasks for year is to resolve the heated U.S.-China trade disputes, the arti-

If the two sides are unable to reach an agreement on the copy-right protection dispute by Jan. 16, Washington has said it is prepared to impose the first-ever trade sanctions against Beijing, doubling tar-iffs on some Chinese goods entering the United States.

The United States has drawn up a list of \$1.5 billion worth of Chinese goods, including heer, chil-dren's clothing and shoes, that could be affected by the proposed

Western analysts and U.S. bosiness executives are concerned that trade sapctions imposed in the copyright arena will cast a shadow in other trade-related disputes between the two sides.

In a presidential election year, they say, Beijing's growing trade deficit with Washington is growing — second only to Japan — will most certainly be attacked by President George Bush's Democratic

At the same time, Mrs. Wu noted that China was actively seeking to expand economic exchanges with the former Soviet republics, espe-cially Russia and the Central Asian republics along China's western

China's foreign trade minister, Li Langing, is currently visiting several of the republics, and other top foreign trade officials will soon tour all the former Soviet republics,

the newspaper said. China and Kazakhstan, which borders on China's minority-dominated Xinniang Province, signed a trade agreement shortly before

Mrs. Wu said the Chinese goveximent was urging its foreign trade firms to contact companies in the former republics to establish a market for Chinese food products and consumer goods.

# Why U.S. Wants the Republics in IMF

By Keith Bradsher New York Tunes Service

WASHINGTON - The U.S. decision to washing for — The U.S. decision to endorse full membership in two international lending institutions for six former Soviet republics is the latest sign of major change in American policy toward taking responsibility for their economic recovery, Bush adminis-

**NEWS ANALYSIS** 

tration and banking officials said over the weekend.

The changes, first spelled out by Secretary of State James A. Baker 3d last month in his Soviet policy speech at Princeton, are forcing agencies across the federal government to reconsider longstanding policies.

The Treasury Department had opposed full membership for the Soviet Union for more than a year, but changed its position after the United States recently gave formal recognition to the 12 former republies and established diplomatie ties with six of them. The State Department also pushed for greater assistance, said administration officials

who spoke on condition of anonymity.

The Baker speech in Princeton signaled a fundamental shift from confrontation to collective engagement," an official said.
Enabling Russia, Ukraine, Kazakhstan, Belarus, Kyrgyzstan and Armenia to borrow would have to be given in internationally money from the World Bank and the IMF traded currencies like the dollar, the Deutwill allow industrialized countries to provide money with less effect on their recession-

strained oudgets. A series of several separate applications. instead of the single application received from the entire Soviet Union in July, will also ease but not eliminate the major bureaucratic obstacle to membership in the IMF, administration and banking officials said.

Whereas the entire Soviet Union might have been judged to have a larger economy than Britain or France, thereby giving it the basis to claim a powerful permanent seat on the lending institution's executive board, Russia by itself does not have so large an

Russian membership in the IMF alone could result in loans of up to \$5 villion a year. although administration of Ucials said smaller amounts were more likely.

The exact amount of annual borrowing would depend on the size of the Russian initial contribution, which could vary from \$2 billion to nearly \$5 billion under the organization's bylaws, depending on several factors including the exchange rate used to calculate the size of the Russian economy. The ruble has plunged to more than 190 to the dollar.
Only 23 percent of the initial contribution sche mark or the Japanese ven, a sum that likely would be lent by Western governments.

Friday's announcement of the United States' endorsement of full membership also represents a raid on two huge sums of money and thousands of economic development experts who for the last two decades have been dedicated largely to helping the Third World. The IMF and the World Bank already find their staffs stretched thin.

The 1MF has already been forced for the first time in its history to tell several dozen member countries that it can no longer perform annual reviews of their economic policies, hut instead will do them every two years. The reviews have traditionally provided an objective basis for political debate in those countries and international lending to them.

And unless the IMF's 156 member countries agree soon to lend it an extra \$60 billion, the institution might be forced to cut back on lending to the Third World next year, people with an intimate knowledge of the institu-tion's financial health said. The increase was to have been approved by the end of last month by the members, but the United States, whose approval is needed, has yet to

## But Can the Cure Work for an Ex-Superpower?

By Steven Mufson Washington Post Service
WASHINGTON --- In an odd way, Moscow in the fall of 1991

resembled Ghana in February Sure, it was warmer in West Africa. But in both places food was scarce, even though the land was rich and fertile. The governments were shaky. And the Gha-

naian currency, the cedi, was worth about the same as, or maybe a little more than, the Russian ruble is worth today. A firstful of cedis then and a fistful of rubles now could buy about the same number of goods,

which is to say not many because there weren't many goods around at any price. The preferred medi-um of exchange in both places was barter or the U.S. dollar. Big state companies dominated

both economies and the Ghanaian government, like the Soviet Union, maintained a wildly unrealistic exchange rate, thus effectively confiscating 97 percent of any foreign investment. Because reforms were implemented, the of the exchange rate, farmers who market system responded.

crop, cocoa, would get only 2.75 Ghanaian cedis for every dollar's worth of produce, about 3 percent of the real value of the cocoa in cedis. Ghanaian farmers smuggled their crops to neighboring countries and Gbana, like the So-

viet Union, imported food.

If some of the symptoms of the Commonwealth of Independent States's economic illness bear a depressing resemblance to that of Ghana in the early 1980s, so do the remedies. The crumbled superpower must now undergo the same painful economic therapy taken by developing countries, from Bolivia to Ghana, from

Mexico to Poland. Still, some economists remain onpersuaded that past experience can serve as prologue in the former Soviet Union.

in many Third World countries, there were long histories of market systems, albeit ones that had gone out of control. Therefore, once monetary and fiscal

in a managerial position to take on market forces? The system is not set up for that," said Marshall Goldman, a Wellesley College economics professor and deputy cirector of the Harvard Russian

Research Center. Mr. Goldman said, "In the former Soviet Union, there is no foundation on which to build. They don't understand what

But Jeffrey Sachs, a Harvard University economics professor who has advised the governments of Bolivia, Poland, Yugoslavia, Turkey and the Soviet Union, is convinced that "what radical reforms elsewhere show is that it is possible to do certain things

quickly and make progress." Many advisers from the Inter-national Monetary Fund now helping the former Soviet republies are the same people who worked in other developing countries. One group that visited Russia, Armenia, Moldavia and Georgia last week included German and Peruvian economists

with extensive experience in Laiin America reform programs.

A country's currency can become convertible, stimulating investments, exports and competition. A useless currency can once again become a useful store of value.

In some cases, the results of tough economic regimens have been dramatic, Bolivia stopped a 50,000-percent-a-year runaway en birth to 300,000 new businesses in two years. Ghana has at-tracted bundreds of millions of dollars in private investments.

In other cases, the programs have crumbled along with the po-irtical will to implement them. Argentina now appears to be making progress with a tough program, but only after half a dozen failed attempts. Brazil slipped backward. Zambia's former president, Kenneth Kannda, pulled away from a tough program after food oots broke out, only to lose power in elections as

See CURE, Page 9

# Italy Sets \$70 Million Aid Package for Vietnam

HANOI — The foreign minister of Italy, the first European Community country to drop out of the munity country to drop out of the U.S.-led trade embargo against Vietnam, said on Sunday that Vietnam, said on Sunday that Rome would give Hanoi \$70 mil
We thought the time was ripe for changing the European positions. Muoi, Prime Minister Vo Van Kiet of Muoi, Prime Minister Vo Van Kiet of Minister Nguyen and Snouic consumer debts filtered through the issue of missing American soliders, which Washington describes as an obstacle to normalization, as already resolved.

We will see growth that will not prove the instead of missing American soliders, which Washington describes as an obstacle to normalization, as already resolved.

"We will have the recovery, a charge will wait for you."

We will see growth that will not prove the instance of missing American soliders, which Washington describes as an obstacle to normalization, as already resolved.

"We will have the recovery, a charge will see growth that it would be absolutely winced that "it would be absolutely to drop out of the said solid evidence might as an obstacle to normalization, as already resolved.

"We will have the recovery, a charge in more politically." I said you have to a charge the issue of missing American soliders the issue of missing American soliders the issue of missing American soliders which washington describes as an obstacle to normalization, as already resolved.

"We will have the recovery, a charge in more politically." I said you have to a charge in more politically. "I said you have to a charge in more politically." I said you have to a charge in more politically as a charge in more politically. "I said you have to a charge in more politically." I said you have to a charge in more politically as a charge in more politi lion in new grants and soft loans for 1993 and 1994.

Gianni De Michelis said at the end of a one-day visit to Hanoi that the aid, which follows a \$140 million grant for the 1990-1992 period, would be used mostly to develop telecommunications and electric-

We are opening the way, paving the way for the other European By announcing in December 1989 the aid package of \$140 mil- nist Party general-secretary, Do help bring Vietnam into the world proportion.

tion," Mr. De Michelis said. Italy is ready to provide an additional \$10 million as part of a bridging loan that France has tried to mobilize among banks to help Vietnam repay its \$140 million in arrears to the International Mone-

The United States has blocked any resumption of IMF lending. Mr. De Michelis said be discussed Vietnam's place in a fastehanging world with the Commu-

But he said the process of change already begun by Hanoi's Communist leaders, including the normalization of relations with China and

growing contact with non-Communist Asian countries, made future Mr. De Michelis said Europe

should fill some of the gap left by the former Soviet Union, which until last year was Vietnam's main trading partner and aid donor. He said the United States should

vinced that "it would be absolutely stupid to leave Vietnam isolated," Mr. De Michelis said. An Italian mission will visit Hanoi in February to work out the

details of the new \$70 million of

De Michelis said \$35 million of the current \$140-million package was in grants, while the remaining \$105 million was in soft loans. He said the new \$70 million would be hroken down into about the same

grams: MacSchedule and Mac-

three more programs last summer.

Apple also provided advice

Virgin Observes French Sunday

Closing Rules PARIS — The Virgin chain of music stores said it was backing down for the time being on its plans to defy a French law banning Sunday

A statement from Virgin on Saturday said it would not open its stores in Paris, Bordeaux and Marseille as

planned on Sunday pending discussions with the Trade Ministry, which wants to limit the stores to opening only six or so Sundays a year

A court fined Virgin 500,000 francs (\$95,000) on Friday for defying the ban last Sunday. The group was ordered to pay 50,000 francs for each of the 10 bours it opened its store on the Champs-Ely-sées in Paris in a widely publicized protest against the han. Trade Minister François

# Programs Needed for Apple's Japanese Success

Jan. 3

Jan. 3 Dec. 27

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36-day 68-day 1,8467 1,8368 1,5461 1,5533 1,3734 1,3779 68-day 10-day 1,1531 1,1558 124,92 125,94 Settos Turnis MAB Bank (Ameterdam); Indoquez Bonk (Brusels); Banca Commerciale Interna Sources: MAB Bank (Ameterdam); Indoquez Bonk (Brusels); Bank of Tokyo (Tokyo); Royal Bank of Catada Indiana: Banquo Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Catada Indiana Bandura and AP.

### Last Week's Markets

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Hoos Kang

All figures are as of close of trading Friday Stock Indexes Dec. 27 **Liebed States** United States Jan. 3 3½ 6½ 3¾ 3,101.52 + 3.22 % 3.201.48 220.52 + 2.30 % 1.314.84 + 2.73 % Prime rate 225.59 1,350.71 שאט כם 377.41 +3.04 % 386.87 479.32 40646 +316% 5.00 4/2 +342% 495.78 230.35 NYSE C Britate FTSE 100 2,504,10 1,901,40 1.641.60 + 3.24 %

New York Times Service LOS ANGELES - Armed with

technological advantages built into its computers, Apple Computer Co. has been enjoying a large mea-sure of success in Japan in the last

But the company's continued prosperity in Japan depends in part than 200,000 Apple compon its ability to persuade U.S. software makers to participate in its efforts there. The allure of Japan for Apple is

billion in hardware sales in 1990, Japan has become the world's second-largest computer market. ing at double-digit annual rates, far ontpacing the sluggish demand in the United States and Europe. Yet Japan has a low penetration rate of

computer hardware installed. share of the Japanese computer market to 10 percent by 1996, from

cent of potential users already have

If be reaches all his goals, Apple, which is based in Cupertino, Cali-LOS ANGELES — Armed with formia, will be doing an estimated few large distributors are domi-an array of incentives and a few \$1 billion in business in Japan in nant. Most software makers need

Since 1988, Apple Japan has and they need money and skill to been nearly doubling its revenues every year, hitting \$400 million for the latest full fiscal year, which ended in September. To date, more than 200,000 Apple computers

One reason for the booming re-sults is Apple's introduction three years ago of the NTX-J printer. which can handle kanji, Japan's unwieldy pictogram-based language. In its wake, Japanese software programs for the Macintosh have jumped to 400 from just six.

Another reason is Apple's unusual marketing campaigns, rang-ing from sponsoring Janet Jack-as be did to develop the MacHandson's Japanese rock tour to last writer by Communication Intelliyear's MacWorld Expo in Tokyo, which drew 51,000 visitors. And last summer, Apple introduced its kanji characters into a Macintosh.

Powerbook, which, the company John Sculley, Apple's chairman, Powerbook, which, the company wants to increase his company's says has captured a 6 percent share of the Japanese market for note-

book computers.

an estimated 5.5 percent today. At the same time, Mr. Sculley is hop-ing revenue from Japan will reach

Despite having built a formida-ble beachhead, Apple's advance depends on a continuous rollout of 10 percent of the company's total. new software. This week's topics: Herald Eribune

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nese market is very complex, and a assistance localizing their products,

shortage of Macintosh software developers eager to capitalize on the company's success in Japan.
"To increase our share of the marketplace, we have to increase the applications," said lan Diery, head

of Apple's Pacific group. Otherwise, "our product is unattractive." Two years ago, Mr. Diery began recruiting developers with a host of enticements. If a product is hadly needed. Mr. Diery will dip into a \$1 gence Corp. of Menlo Park, California, a pen-hased device to enter

Flow. Then Apple advised Mainware start-ups that have promising ideas to established venture capital stay about which customers to visit. firms with the understanding that Since entering the market last February, Mainstay has attracted Apple will be a ready customer when the final product is ready. Toyota and Nissan as buyers, and For software programs that are already hits in the United States sales in Japan have skyrocketed to 7 percent of revenues. It introduced

and need a nudge in Japan, Mr. Diery is the host of an annual Pacirc Forum conference to introduce companies to distributors, trade magazines and even lawvers skilled in crafting contracts in Japanese. Last year's event in San Francisco drew 250 people.

"That was a great motivating factor to get us into Japan," said Brian Coleman, sales manager for tiny Mainstay Software in Agoura Hills, California.

Soon after the session, Mainstay signed a deal with a Japanese distributor. Seiwa Systems. Seiwa translated the user manuals for two of Mainstay's most popular pro-

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about product pricing. "They said, Don't try 10 recover your localization costs in the first year, which is what we would have done," re-called Mr. Coleman. Instead, Mainstay's prices in Japan are half what it has set in Europe, where dealer discounts are common. Through aggressive pricing, be said, Mainstay has quickly garnered a significant position.

# Doubin said afterward that the government would relax the strict Sunday trading laws.



Dates to remember in 1992:

Sales 1991

Annual results 1991

First half - year sales

First quarter sales 1992

Annual Shareholders' Meeting

13 January

 4 March 14 April

29 April

13 July

 31 August First half - year results 13 October

Nine month sales 12 January 1993 Sales 1992



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Page 8

INTERNATIONAL HERALD TRIBUNE, MONDAY, JANUARY 6, 1992 1.12 

#### **New International Bond Issues** Compiled by Andrew S. Register Floating Rate Notes Nippon Oil Finance (Netherlands) Over 3-month Libor, Noncollable, Facs 0.20%, Don 10 milios yen, (Down Europe.) Y 20,000 1995 0.15 100.15 Nissho kwai Intil Y 20,000 1995 0.35 100.15 Over 3-month Libor, to 0.10%, Denominations 16 ph. Libor, Redeemable of par from 1993, Fees principles 10 million yen, (Dahva Europe.) Finance (Caymon) Fixed-Coupons Export Development SCJ 200 Reoffered at 99.95. Noncolimble, Fees 11/6%, (UBS Philips & **Oesterreichische** ECU 150 . 1994. 9 100,975 Reoffered at par, Mancallable, Fees 194%. (Parises Capital Banque Nationale de CS 100 1997 8 101.175 Reoffered at 99.55, Nancyloble, Fors 1874. (Wood Gundy.)

# Fears of Budget Busting Grow

### But Rally Could Resume If Fiscal Spur is 'Responsible'

NEW YORK - The U.S. Treasury bond market is becoming in-creasingly sensitive to the possibility of any new government spending aimed at spurring recovery, that would boost the budget deficit.

But in the absence of any spendmg announcements that the market would consider irresponsible and

#### U.S. CREDIT MARKETS

inflation-engendering, traders said bonds were likely to rise this week due to the general weakness of the

Although prices rose last week compared with the week before, they slipped a bit late in the week as worries arose about what sort of fiscal package Congress and the Bush administration were likely to concoct over the next few months.

Talk about tax cuts and the like was stimulated by an article Friday in The Washington Post, which quoted President George Bush as saying the 1990 budget accord might be reopened to shift spending planned for the military into

domestic areas.

What the president actually said was constructive, in that he said he did not want to bust the managing director of Stone & Mc-Carthy Research Associates, a from uled to be released by the Labor in Princeton, New Jersey, that pro- Department next Friday, will show

PARIS - Agriculture Minister

Louis Mermaz of France said on

Sunday he was confident European

Community members would con-

tinue to resist further compromise

EC trade and farm ministers re-

jected on Dec. 23 a proposal by the

GATT director-general, Arthur Dunkel, to liberalize world trade.

They are scheduled to meet again

Saturday to finalize the bloc's re-

in current GATT talks.

change and fixed-income markets. "But the market is still very sensi-

Fait the market is shill very sensitive to the fiscal situation, and has become conditioned to expect the worst from Washington." he added. The 8 percent, 30-year Treasury bond due in 2021 fell 6/32 on Friday to end at 106 6/32, although it cut its losses from about half a rount exilier in the day, and was up. point earlier in the day, and was up 14/32 of a point from the previous Friday. The long bond ended the yielding 7.48 percent, down from 7.52 percent a week earlier. Also exerting downward pres-sure on prices was traders' urge to

take profits after a prolonged rally. "To get some selling after what we have seen is not surprising," one government bond trader said. "But the market has a good tone to it, largely because there is widespread anticipation that the economic news next week will be favorable to fixed-income investors."

. The market should have room to improve due to the economy's overall softness, said Marityn Schaia at Donaldson, Lufkin & Jenrette Securities Corp.

Analysis are expecting a report on

producer prices to show that inflation at the wholesale level was mild during December, And there is ev-

France Confident on EC Stance in GATT

"All we need is a qualified ma-

jority of European countries to say no," Mr. Mermaz said on French

television. "We found it on Dec. 23.

I hope we will continue to find it.

What has been possible under the Dutch EC presidency will certainly

be possible under the Portuguese

France has led EC opposition to

Mr. Dunkel's proposals, which would have slashed subsidized

French farm exports.

vides research and commentary on a fairly large decline in the number developments in the foreign exof nonfarm payroll employees. Economic weakness generally helps bond prices, which rise as fears of inflation, and thus higher

interest rates, recede.
Stephen Slifer, economist at Lehman Government Securities, expects that the long bond's yield will gradually drift back down to around 7.40 percent in the early part of the week.

Some players see the long bond confined to range trading, unless the payroll data show such a dramaric drop in employment that they prompt another easing by the Federal Reserve, following the fullpoint discount rate cut on Dec. 20. Traders said this week's profittaking had left some intermediate

Securities attractively priced.

The market backed up to reasonable levels," one said, partly because players were setting up for auctions next week.

On Wednesday, \$9.5 billion of seven-year notes will be sold. The red seven-year was at 6.50 percent last Friday. Thursday, the Treasury will auction \$12.5 billion of one-year bills. The when-issued bill was at 3.94 percent Friday.

Among note issues, the 7.50 percent 10-year notes ended the week at 104 23/32, down 4/32, to yield budget," said Ward McCarthy, a ery reason to assume that the De- 6.84 percent. But the 5 percent two-year notes rose 3/32, to n late 100 13/32, to yield 4.80 percent.

General Agreement on Tariffs and

Trade would not save the EC from

GATT — which is probably what will bappen if the Americans con-

time to be so intransigent - we

will still have to set up this new Common Agricultural Policy," he

"If there is no conclusion under

overhauling its farm policy.

use of money." Ghana has been the IMF's prize reach an agreement in the current Uruguay Round of talks under the

pupil for most of the last decade; goods have returned to stores, farm output is up, foreign investors are developing light industries and the mining sector. The economy has grown by about 5 percent a year. During that time, the IMF itself has learned many lessons that are

now being applied to the ex-Soviet republics. One is that repairing a country's foreign trade and current account imbalances cannot be divorced from the far-reaching trans-

### 1992: How a Year's Events Stole EC Market's Thunder

(Continued from page I)

of the single-market project have been accepted by Brussels, but only about 17 percent have been put in place so far by all member states. Italy is by far the worst offender. At the Maastricht summit meetmg EC officials not so subtly

placed a list of unapproved legisla-tion in every leader's portfolio. "We've got to get beyond an exclusive focus on the 1992 deadline in Brussels and start paying atten-

tion to the lack of implementation in national capitals," said Eric Vacs, a senior member of the EC Committee of the American Chamber of Commerce in Belgium. Another 500-odd measures in such areas as research and develop-

ment, energy and health protection, although not part of the original 1985 white paper, are considered vital to putting into effect the 1992 single-market program. Most of them are moving

But some of the most contentious issues --- creating a pan-European market for investment ser- track," a senior internal market ofvices, setting rules on company law, ficial said. "You can worry about ing on the world."

ences in economic approach. Most of those will probably not be resolved before the deadline. Mayhe

because officials cannot agree whether to extend trading beyond established markets, whether to allow banks full access to stock exchanges, and how to change disclo-

Some countries, meanwhile, are busy erecting new obstacles or undermining already agreed-upon rules of open competition. In 1990, there were 1,758 reported violations, up from barely more than a 1,000 in 1986. Nations ignored rulings by the European Court of Justice intended to enforce agreements in 51 cases.

For all the setbacks, however, EC officials are convinced that the heart of the 1992 program remains

mtact Nineteen minety-two is still on

adopting specific health and social the specifics, but all the essential rules - reflect fundamental differ- clements of the single market, in-

For example, the plan to create a European "passport" for investment houses remains stalemated because officials converted and the plan to compromise. All 12 EC members promised in June for examples. set a minimum 15 percent standard rate for value added tax, or VAT. The decision, which may never actually be turned into a formal directive but left to the nations to obey on their own, was necessary because of the fear bargain-bunters would flock to low-tax areas.

Without the agreement, many countries would have been reluctant to drop the final obstacles to

cross-border shopping. "As Europe continues to break down country barriers, it is creating some very strong competitors, not just in financial services but in other industries as well," said Thomas Huertes, a London-based vice president of Citibank, "It is a very painful process, with a lot of blood still to flow, but those who emerge from the fray should be capable of tak-

# JAPAN: As U.S. Asks Concessions, Japan Offers Sales

(Continued from page 1) expensive research facility with a supercollider to be constructed in

The pressures have been exacerbated by the American recession. election-year pressures in the United States and a new surge in Japan's trade surplus.

After declining for the past four vears. Japan's trade surplus shot upward this year and is expected to hit another record next year, more than \$100 billion. Adding to America's renewed irritation is the fact that about three fourths of Japan's trade surplus with the United States, almost \$45 billion last year, is made up of autos and auto parts. But to hear the Japanese describe

- - -

their responses to Mr. Bush's anticipated demands, they are more like offerings of aid from the conquerors to the vanquished, a lifeline to save the United States from economic decline.

In a series of comments recently, Mr. Miyazawa has cophasized that Japanese companies must lend a hand out of "compassion" for the makers. Nothing has been said by criminate against foreign compa-Mr. Miyazawa or others about low-

"I would like to do whatever f can to neep the Control and social ills er from its economic and social ills with the cooperation of the Japawith the cooperation of the Japa-

a considerable shock to the Americans that General Motors had been market. defeated by Japanese autos, though Japanese cars alone might not be responsible."

Japanese officials have also firmly rejected comments by Mr. Bush and other officials in Washington sion has resulted at least in part from the closed Japanese markets. We have very strong doubts

about a correlation between U.S. memployment and access to markets in Japan," a Foreign Ministry official said at a briefing for foreign reporters last week. "It is a bit too

Similarly, the Japanese governdefense against expected American demands for new negotiations to tackle outstanding trade problems. American officials have said they plan to "reinvigorate" a three-yearold set of negotiations on what are believed to be structural aspects of

One longstanding issue that the United States is expected to adcan to help the United States recov-

nese people and industry." Mr. has long insisted that these tightly knit groups should be forced open to eliminate the barriers they pre-

The Foreign Ministry has just released a brochure that argues that keiretsu are completely open, and that in some respects they make Japan more open to imports than the United States is. The ministry suggesting that the American receswork not by referring to the most well-known keiretsu, such as Mit-subishi, Toyota and Sumitomo, but to American companies, including AT&T. Sears Roebuck and General Motors, which have cooperative

relationships with subsidiaries. But in a contradictory afterthought, the brochure adds that Americans might benefit from ment has already begon to mount a studying the keiretsu system. That comment probably best captures the Japanese attitude toward these economic and trade matters as they prepare to play host to this important summit meeting with Mr.

hand out of "compassion for the Japanese economy that dis- look at the lingering American re- of extending credit will suffer as sick American economy and auto- the Japanese economy that dis- look at the lingering American re- of extending credit will suffer as sick American economy and auto- the Japanese economy that dis- look at the lingering American re- of extending credit will suffer as sick American economy and auto- the Japanese economy that dis- look at the lingering American re- of extending credit will suffer as sick American economy and auto- the Japanese economy that dis- look at the lingering American re- of extending credit will suffer as sick American economy and autoand the president's need to come to come more cautious. Japan to press for concessions as a The first signs of real discontent sign that the time has come for may emerge in the steel industry. America to do more to emulate the an already weak sector that will Japanese system, rather than de-quickly feel the full brunt of the

# Would-Be Buyers

Eastern Germany.

the Sachsenring Zwickau plant.

The Bild am Sonntag newspaper said Ecuador and Lithuania had also made enquiries to the Treuhand about buying the plant, which closed last April,

The plant produced millions of two-stroke-engine Trabants during Communist rule in Eastern Germamy and the cars became a symbol of the ousted regime when thousands of easterners fled to the West in them after the Berlin Wall came

### **Outside Germany Eye Trabant Plant**

BERLIN - Several countries want to buy the car plant that produced the Trabant, symbol of the former Communist economy of

A spokeswoman for the Treuhand, the German government agency that is privatizing East German businesses, said in an interview that Egypt was among several countries interested in purchasing

down in November 1989.

### The creditors said they would review at the end of March whether the former Soviet republies were implementing reforms

internal economy. Until recently,

the IMF did not meadle directly in

overhauling internal economies,

PARIS - Western creditor na-

tions have agreed to give the te-

publics of the former Soviet

Union breathing space to repay loans of \$3.2 billion, on condition

they pursue economic reforms

and keep other repayments cur-

rent, the French Finance Minis-

The agreement Saturday by 17

nations confirmed in detail an

earlier accord struck at the end of

November by the Group of Seven

The 17 countries decided "to

grant a deferral of payments on

orincipal only, on medium and

long-term external debts con-

tracted before Jan. 1, 1991, falling

due from Dec. 5, 199! to the end

of 1992," said the French Finance

Ministry, which organized the

industrial powers.

meeting in Paris.

leaving such "structural adjustment" to the IMF's companion lending organization, the World "It has become very difficult to

distinguish between the two." said Michael Bruno, an economics professor at Hebrew University in Jerusalem and a former governor of the Bank of Israel. "You cannot open up and reform economies without tackling both fronts simultancously

The IMF has also abandoned whatever gradualism it once tolerated for a philosophy of sudden, radical economic change. The more dramatic the change, the more dramatic the economic response and the less likely that political jitters will lead to a pullback from full implementation of a program.

The general economic reform

prescription looks like this: A country frees prices and eliminates subsidies. The dramatic price rises that result effectively wipe out the value of savings and reduce people's purchasing power. In the short term, it reduces the

term, it increases the supply by increasing incentives for farmers

drawn up with the help of the

International Monetary Fund.

The deferral would continue if

they met conditions that included

keeping up to date with the re-

payment of debts excluded from

A senior French official said

the group estimated that the for-

mer Soviet Union has total debt

of \$65 billion, considerably below

Of the \$65 billion, about \$32

billion is owed to the 17 nations

that agreed to the deferral, the

The basis for the Paris agree-

ment was a pledge by eight of the

republies to accept shared re-

apply to short-term loans, follows

a similar one reached last month

by commercial banks, led by

Deutsche Bank, Credit Lyonnais

The Western group of 17 met a

and Industrial Bank of Japan.

The agreement, which does not

sponsibility for Soviet debt.

official said.

earlier estimates of \$80 billion.

and factories to produce. often needed.

ing money. This slows down infla-tion and helps stabilize the curren-

 The country devalues its currency, or allows it to float, then pegs it to the U.S. dollar at a realistic rate of exchange. The devaluation encourages foreign investment and makes a country's own goods more competitive on world mar-

State companies are priva-

deficit-rioden budget and slashes the size of its bureaucracy. Deficit spending is inflationary and sucks no money that might otherwise be invested in producing activities. The end of subsidies helps balance the budget, though big layoffs are

ther reduce the government budget

Bolivia was one of the first countries to undergo shock therapy. In notes. Unemployment in the land-August 1985, it cut six zeroes from locked South American nation its currency's denomination, climbed to 26 percent from 19 per-

West Agrees to Relief on \$3 Billion Soviet Debt

• The government balances its

The central bank stops print-

demand for goods. In the loog changed the name of the money cent. And when in orices fell and stopped the printing presses. It pri-vatized some state companies and

the Inter-State Council on Super-

vision of Foreign Debt Servicing.

and Tomas Alibegov, first deputy

chairman of Vneshekonombank,

the former Soviet foreign trade

The eight republics involved in

the agreement are: Russia, Be-

larus, Kazakhstan, Armenia,

Kyrgyzstan, Moldova, Tajikistan

The three Balkan republics and

Ukraine, Uzbekistan, Georgia

and Azerbaijan were not in-

volved, but the Western creditors

The statement made clear that

if they do not agree to share the

responsibility, they risk being cut

off from Western trade credits

they need to revive their shattered

The senior French official who

commented on the Paris state-

ment said the group of creditors

did not expect the former Soviet

urged them to follow suit.

for many of the republics.

and Turkmenistan.

ey from day to day.

Moreover, Bolivia did this with-out a stabilization fund and with

tized. This should improve the effi-ciency of the companies and fur-country, in a way, that is all Russia can hope for," Mr. Lipton said.

Union to need a full-blown rescheduling of its debt because it was manageable considering the potential wealth of the country.

"It's not a huge figure in relation to Latin American debt or to the Soviet Union's capacity to bank that is handling such affairs export raw materials," he said. The official saio the significance of Saturday's accord

dwarfed important debt reschedulings in the past such as those for Mexico and Brazil. "In many respects, it's the most important that we've ever had," he said. Meantime, finance ministers and central bank governors of the Group of Seven are reportedly planning to meet late this month to discuss ways to support the

Commonwealth of Independent States, as the confederation of former Soviet republics is known. G-7 sources say the meeting is likely to take place Jan. 25 or 26

in New York or Washington. (Reuters, AP, AFP)

### CURE: It Has Helped in Third World, but Can the Cure Work for a Crumbled Superpower?

formation of that country's own (Continued from first finance page) the economy continued to deterio-

Mr. Sachs warned that even the success stories show that there can "underlying chronic problems that can take years or even decades to solve" and that "will take a degree of political fortitude that is

"These countries provide an im-portant perspective for Russia," said David Lipton, who worked at the IMF for eight years and now advises the Russian Republic government. "An economic shock program doesn't turn a country into a Spain or a Greece overnight," he said, citing two relatively well-off countries that many developing nations hope to emulate. "But it cre-

ates financial stability and then you can go about solving your other Though the economic transformation the Commonwealth is attempting is unprecedented in size and scope, some of its problems resemble those of other developing

"There are similarities to Russia," Mr. Lipton said. "In Ghana. the financial disaster had led to a breakdown in the real economy, Things could not he bought, Money was no longer used as a medium of exchange. The first step to fixing the real economy is restoring the

# SLIDE:

### Angst in Germany

(Continued from page 1)

The central bank's half-point increase last month raised the discount rate to 8 percent, while the United States and Japan have cut their discount rates to 3.5 percent and 4.5 percent, respectively.

German rate levels are already seriously crimping growth in West European states, the very markets that Germany needs most to recharge growth at home. And the Bundesbank's recent rate increase forced most of its European partners to raise their own rates, further

Consultant.

day between Iraq and the UN to

reconsider the terms under which

could radically alter the supply pic-

monitoring of sales and proceeds

could not be altered. The proceeds

of any sales can be used only for

humanitarian purposes, such as

Analysts said the market reac-

tipo to a pact would depend on how

Fed Official

Is Too High

Says Inflation

NEW ORLEANS - A

Federal Reserve Board gover-

nor. Wayne Angell, said over

the weekend that the U.S. in-

flation rate must fall further,

calling the current 3 percent

flation rate to come down, he

to reduce debt.

slowing growth.

Wolfgang Röller, president of
Dresdner Bank AG, recently said he thought that the weakness of the economy had been underestimated, and he wondered whether the the attached conditions, including Bundesbank believed that only a strict UN monitoring of the transrecession could cure inflation.

Nearly all of the major engines and foreign oil company superviof the German locomotive are sputtering at this point.

The antomobile industry is the council have said they were showing one of the more dramatic turnarounds. More new cars were sold last year in Germany than ever before as Eastern Germans rushed to buy what for many was the ultimate consumer dream. This year, however, the gloomier economy could cut overall German car sales by 18 percent, according to auto-motive analysis at DRI Europe.

Machine-builders, Germany's prime exporters, are suffering a sharp cut in orders, layoffs and a wave of bankruptcies. Foreign orders are down nearly 20 percent from last year after three boom

Construction and retailing, sectors especially sensitive to high interest rates, are feeling particular pain from the steady rate increases. Construction remains buoyant Eastern Germany but even there it is due mostly to publicly financed building, while in Western Germany the recent steady growth trend is

cooling sharply. Retailers are simi-

larly noticing growing caution in Eastern Germany as unemploy-ment grows and in Western Ger-

many as new taxes erode income growth. Banks have so far been largely unscathed and are even quite well cushioned against their heavy debt exposure to the former Soviet Union. But the banks are growing More than ever, the Japanese nervous that their staple business

# **Oil Prices Seen Hinging** On Resumed Iraqi Sales

much oil Iraq would be allowed to NEW YORK - Iraq's meeting sell. To a certain extent, Iraqi oil this week with the United Nations sales have been built into the marto discuss its re-entry to the oil ket, but repeated delays in implemarket, which could strongly affect menting the sales have made oil world supply, are likely to influ-traders cautious, analysts said. Traders have expected Iraqi oil ence prices, analysis said.

which oil prices rose on technical months, but the timing remains a factors after a string of sharp losses question." Mr. Jones said. Iraq has said it can export 1 February crude oil prices million barrels of oil a day once the jumped 47 cents a barrel last week. UN gives the go-ahead, but even including a gain of 26 cents on half that could pressure oil mar-

Friday to \$19.23 a barrel on the kets, analyst said. "If Iraq is allowed 250,000 bar-New York Mercantile Exchange. "The oscillations in the market rels a day there will be little reacgo a long way toward illustrating tion, more than that may have an the lack of direction," said Jim impact," Mr. Jones said. Steel of Refco.

Most traders said they expected Many analysts now see prices the progress of the meeting to remain a secret to all but a few politiconsolidating in a narrower range unless market fundamentals cal insiders until the final decision is reached. As a result few were The price we have today is closwilling to take a position now.

#### er to a near-term equilibrium of S19 to \$20," said Scott Jones of AUS Euromarts But analysis said the meeting in Vienna on Wednesday and Thurs- At a Glance

**Eurobond Yields** Iraq can sell oil to world markets

U.S. S. S to 7 yrs ELS. S. less than 5 yrs UN terms set last year allow fraq to sell \$1.6 billion worth of oil over LLS., Ness than 5 yrs
Prench stwrllou, less thoe 5 yrs
French france, less thoe 5 yrs
Inol. lire, less thoe 5 yrs
Doubla frozon, less then 5 yrs
ECLI, 5 yrs & over
ECLI, 5 to 7 yrs
Aus., s. less than 5 yrs six months, but Iraq has rejected actions and the presence of UN Yes, 5 to 7 yrs Yes, less than 5 yrs U.S. and British diplomats on

prepared to be flexible about many of the resolutions' terms but that **Weekly Sales** basic guidelines, including UN Primary Market 2,525.60 1,9711.90 2,570.60 2,486.20 Secondary Market

Source: Luxembourg Stock Exchange

\$ Mont 5 Mont 1,205.00 13.158.60 9.04.20 12.87.50 13.158.60 9.04.20 12.87.00 100.50 206.00 9.04.00 614.00 2.100.20 916.10 3.809.30 1.113.10 4.974.00 12.207.70 n.o. n.o. n.o. 14.218.50 17.778.40 — — Stroights Convert. FRMs ECP Yotal Libor Rates Jan. 3 1-sacath sche mark, 99/16

10<sup>2</sup>4 10 3/16 10 7/16 5 9/16 U.S. Treasury Bonds Jan. 3

rate "totally unacceptable." Ask Yield yield Mr. Angell, speaking to re-P BIS ASK Y164 100 1021 100 1022 4.80 102 1021 102 1025 5.14 100 1102 102 1021 103 103 102 103 103 103 104 2022 104 2023 6.84 106 5/22 106 7/22 7/48 porters at an academic association conference on Saturday. also said recent dramatic gains in U.S. stock prices provide an opportunity for corporations "There is room between 3 percent and zero" for the in-**U.S. Consumer Rates** 

Tax Exempt Bonds Bood Buyer 20-Bond Index 4.77 % "I think it's appropriate that Money Market Funds people who choose to hold dollar financial assets know Bask Mosey Morket Accessis Bask Rate Moslics Index that there are some of us that 415% Home Merigage, FHLB average Source : New York Times ( UP) are very focused on that is-8.24 % sue," Mr. Angell said.

cut the swollen payrolls of those that remained in public bands. It laid off 23,000 workers from the state tin mining corporation, which had three desk workers for every miner. It slashed oayrolls at the state airline, which had 600 employees for each of its 18 planes. The planning minister told state enterprises they could spend only what they took in, allocating mon-

The effects: Inflation fell to about 4 percent a year, down from five-digit annual increases. The analogy to Russia because of its country's foreign currency reserves climbed from \$63 million to \$292

few exports for foreign currency. "Bolivia went from being an un-

Yet even success stories like Bolivia contain some cautionary

from the peso to the boliviano and made that key industry's woes worse, an uprising broke out and the government jailed more than

150 union leaders. In some countries, however, economic shock therapy can actually be popular. In Argentina, after several failed attempts at economic reform, a tough program has won support from people fed up with a deteriorating economy and triple-

digit inflation. Inflation has plunged and in a silent vote of confidence, many Argentines and foreigners are bring-

ing money back to the country. Poland offers the most direct Communist history. Reversing the economic decline there has proven more difficult. Output dropped 11 percent in 1990 and 9 percent in 1991. Big state enterprises remain in the control of the government. which is reluctant to shut them

down and unable to sell them. But the orivate sector has flourished. Private companies control virtually all retail trade. About 30 percent of the economy, the fastestgrowing part, is in private hands. Agricultural output is up, and "it's not the weather," said Mr. Lipton.

### MUTUAL FUNDS

(Continued) Vovogeur AZIns CO TF GrSI to MNIns MNIns MNTP US GVI Worburs Placus; CapAp 13.08 ML EGH 18.40 ML FixIng 9.53 ML GbiFxd 10.80 ML Intigat 11.11 ML NYMU 9.98 ML US GV) 12.81 NL Van ECk; SidRS P 3.68 3.95 Intlaw 11.19 12.21 WidIr p 10.53 11.06 WidIr p 10.53 11.06 WidIr p 14.78 3.58 VanKompen Mer; CATF P 16.29 12.13 Gwth p 19.39 20.29 HTYIG P 4.23 10.01 InTF P 18.51 9.46 Munilin 15.00 15.68 PA TF 16.42 17.27 ST GIA 9.53 9.83 STRONG F-UNIOS; Advist 9,91 NL CmStk, 12,89 13,15 Discov 17,22 17,99 GovSc 10,72 KL, Inco 9,34 NL, Inco 17,24 NL, In The meeting follows a week in by the end of 1992 for some ST GIA 0.53 9.85
ST GIB 0.53 9.85
ST GIB 0.55
ST GIB 0 EBGs 19826 NL FGE 2 12,19 NL ScFtd 12,23 NL Vendound Group:

AsselA 12,46 NL Badriu 13,42 NL Bods 11,342 NL Convrt 10,47 NL Expir 39,22 NL More 12,25 NL Verswood Funds Baken 18,33 Penns 19,33 NL STAR 12,31 NL HYCOTP 7,17 NL IGCorp 8,82 NL HYCOTP 10,46 NL STCorp 10,56 NL STFord 10,41 NL STCorp 10,56 NL STFord 10,41 NL LTTr 10,48 NL Idx 500 27,52 NL Idx Ext 15,70 NL Idx Muni i Utd Serv AllAm Euro GJbRs

### **WALL STREET REVIEW**

Figures as of close of trading Friday, Jan. 3.

**NYSE Most Actives AMEX Most Actives** Val. Night Low Night Low RJR Nb m121257 111-2 107-5 Gn/Moir 11884 27-2 27-2 111-2 107-5 Gn/Moir 11884 17-2 27-2 17-5 Gn/Moir 11884 17-2 37-5 17-5 Gn/Moir 11884 17-2 37-5 17-5 Gn/Moir 17-2 37-5 Vol. VoL Low NYSE Sales AMEX Sales Sales Val Total far week Week soo Year ago Two vaars ago Jan 1 to date 1991 to date 1993 to date AMEX Diaries

NYSE Diaries

Jan. 3

1704 448 209 2361 589 36 1612 765 229 2326 417 56

645 217 145 1007 137 35

# ا صحدا من الأصل

### WORLD STOCKS IN REVIEW

### ? Amsterdam

The market began the New Year on an upbeat note with share prices posting moderate gains.

The CBS all-share index gained 5.40 points, or 2 percent, on the holiday-shortened week to close at 196 points on Friday.

The record-breaking end-of-theyear rally on Wall Street and active trading of Royal Dutch/Shell and Unilever helped push share prices higher. Royal Dutch/Shell rose

The two stocks were the most active in 1991 and accounted for nearly 20 percent of total volume

during the year.

The CBS all-share index gained 13.7 percent during 1991.

### Frankfurt

The market registered gains across the board during the first

trading days of the year.

The DAX spot trend index gained 40.03 points or 2.5 percent during a week reduced to three days of trading because of the New Year's holiday. It closed 1,603.62 points on Friday. The Commerzbank index added 46.6 points, or 2.59 percent, to finish at 1.840.60

Commerzbank analysts were en-

OTC Consolidated trading for week

(Continued)

ended Friday, Jan. 3.

NASDAQ NATIONAL MARKET

couraged by the New Year's rise but warned that Germany's tight monetary policy, as well as dangers of inflation and slower growth,

could minimize gains. Nearly all sectors finished higher this week. The steelmaker Hoesch bucked the trend, losing 14 Deutsche marks.

In chemicals, Schering gained 21.50 DM, BASF rose 9.60 DM Bayer added 8.20 DM and Hoechst was up 8.50 DM.

In the banking sector, Deutsche Bank gained 17.50 DM, Commerzbank finished 7.40 DM higher and Dresdner Bank added 4,20 DM.

In the auto sector, Mercedes ained 28 DM, BMW rose by 14 DM and Volkswagen linished 7.20 DM higher.

### Hong Kong

Share prices posted four days of consecutive record highs on the

Hong Kong market. The Hang Seng Index closed at 4,307.13 points on Friday, a gain of 70.93 points during a week reduced to four trading days.

Average daily volume was 975 million Hong Kong dollars, up from the previous week's 893 million dollars.

The market was encouraged by expectations of a reduction in local

774 496 374 14776 897 797 2426 296 196 614 996 796

The Hang Seng started the New Year by breaking through the psychological 4,300-point barrier on Thursday with a gain of 4.45

### London

Share prices staged a New Year's rally in London.

The Financial Times-Stock Exchange 100 Index gained 85.4 points, or 3.5 percent, during the week to close Friday at 2,504.10 points. The FT-Ordinary index of 30 shares climbed 59.6 points to 1,901.40 points.

Analysts said investors were encouraged by the surge on Wall Street, a steadier pound and renewed hopes of economic recovery. The market closed out 1991 on Tuesday with its biggest one-day rise since Oct. 5, 1990,

rates was not needed for the moment now that the pound has regained strength. Pharmaceutical stocks were sought on reports of potentially promising drugs. Wellcome gained 13 percent, on top of its 152 percent

rise of last year, after it was report-

ed that two of its drugs could be used as a cocktail to treat AIDS.

Sales in Nei 100s High Low Clase Chige

Investors were also encouraged by the Bank of England's an-nouncement that a bike in interest

1,480,39 Finday, The SES all-Singa-The claim was later disputed in press reports.

pore index gained 2.21 points to SmithKline Beecham gained a percent after its anti-arthrius drug Relaien was approved for use in the United States.

#### Milan

Share prices recovered loss ground in generally duil trading.
The M1B index gained 44 points during the week to close at 1.003.00 points, breaking through the 1,000-point barrier. The MIB index stood at 981 points on Dec. 31, a loss of 1.90 percent for the year.

#### Paris

Prices on the Bourse rude the record rally on Wall Street to solid performances in a week of holiday-

shortened trading.
The CAC-40 stock price index gained 49.65 points, or 20 percent. during the week to close at 1.770.30 oo Friday. The CAC-40 gained a total of 16.3 percent during 1991.

### Singapore

Share prices were mixed on the Singapore Stock Exchange.

The Straits Times industrial index gained 13.02 points during the four-day trading week to close at

20074 25% 19% 20% — 2 999 27% 25% 26% — 6 18102 26% 11% 2% 4 % 14102 26% 21% 21% 4 % 14102 21% 21% 21% 25% 5% 5% 5% 4 % 4273 27% 27% 26% 42%

.94 25 5147 2675 2512 2612 + 12 276 374 314 374 + 12 265 4.7 167 15 14 1474 + 149 27973 774 574 673 + 54

reports of an improvement in toursm. Shipvards and property shares also attracted attention. Tokyo

The market was closed for most

of the week for its annual New

Year's houday recess.

#### It was open only on Monday, for a half-day session, when the ba-rometer Nikkei Stock Average gained 546.45 yen to 22,983.77 yen. Hotel streks were sought amid

Zurich The market began the New Year

on an encouraging note after a dis-

appointing 1991.

The Swiss Performance Index gained 24.94 points, or 2.3 percent, to close at 1,068.59 points.

### U.S. Stocks Expected To Rise at Slower Pace

Bioomizerg Business News

NEW YORK — U.S. stocks probably will rise further this work, thhough the pace of the rally will fade, analysts said.

The Dow Jones industrial average closed above 3,200 Friday for the first time, rising 29.07 to 3,201.48. About half the rally was astributed to an advance in Walt Disney. Coca-Cola and Merck &

The Dow ended the week with a 3.2 percent advance and the index is up about 2 percent, or more than 265 points, since the Federal

Reserve cut the discount rate on Dec. 20. "The rally probably won't stop until late January," said Carmine Grigoli, equity strategist at First Boston Corp. Low interest rates make stocks the most attractive investment option, with yields on most market funds below 4 percent, he said.

Buying power in stocks continues to build momentum rather than sas and it's doubtfu! this trend will vanish anytime soon, Mr. Grigoli

szid.

U.S. stocks are up 11 consecutive trading sessions and they must decline at some point before they go much higher, said Paul Kronlokken, market analyst at Piper Jaffray & Hopwood, However, volume remains heavy and buying interest is high judging by the advance-decline line, he said. Advancing common stocks consi ly outnumber decliners by more than 4-to-3.

### Computer Stock Debuts May Decline in New Year

NEW YORK - Last year was a lush one for the start-up side of the computer industry, with a host of little companies leaving the venture capital incubator to toddle into the public marketplace through initial

public offerings.
Indeed, 1991 was the best year for technology initial offerings since 1983, according to Richard A. Schaffer, editor and publisher of the Technologic Pariners Comput-

But Mr. Schaffer warns that there may be skimpy rations in the high-tech nursery in the year

The partnerships that make venture-capital investments typically have life spans of seven to 10 years, Mr. Schaffer explained. Thus, many of the funds set up in the cuphoric aftermath of 1983 are nearing maturity "and we are see-ing people pull out," he said.

According to his surveys, the flow of money out of the venturecapital pipeline in the third quarter of last year, the most recent figures available, was the worst for any quarter since the mid-80s.

Clearly we have at least another year of contraction ahead," he said. Maybe more."

### Shanghai Volume Rocketed in '91

BEITING - Volume on the Shanghai securities market, China's main experiment with capitalist-style reforms, hit 11 billion yuan 152.02 billion; in 1991, Xinhua reported Saturday. That was three times the total for the previous five years combined.

The news agency said the official Shanghai Securities Exchange

accounted for about 8 hillion yuan of the volume, while the rest was made up by smaller bond-trading agencies. Corporate stock sales accounted for 1.6 billion yuan over the year, Xinhua said. "Shanghai citizens now feel that purchasing stocks and bonds i

more prefitable than bank savings," the news agency said, high interest rates on the securities."

AMERICAN EXCHANGE OPTIONS

# BUSINESS BRIEFS

NTT Opens to Foreign Computers

TOKYO (AFP) — Nippon Telegraph & Telephone Corp. will begin procuring computers this year through international bidding, a leading

economic daily reported Saturday. The Nihon Keizai newspaper said NIT made the decision so it could choose foreign-made computers compatible with software systems it has recently adopted. Through tenders involving both foreign and domestic

computer makers, the company plans to buy computers worth 500 billion yen (\$3.9 billion) over the next 10 years, the paper said.

It said NTT officials hoped the decision would calm U.S. criticisms. about the Japanese trade surplus during President George Bush's visit.

Contenders in the first bidding are expected to include International
Business Machines Corp. and Digital Equipment Corp., as well Pujitsu Ltd., NEC Corp. and Hitschi Corp., Nihon Keizsi reported.

### China to Audit Foreign Ventures

BELING (Renters) — China, which has always maintained tight-controls over foreign exchange, will start state audits of joint ventures.

controls over to eagn exchange, will start state aligns of joint ventures with foreign companies to guard against "squandering" of capital, an official newspaper said Sunday.

The State Auditing Administration will probe the books of 30 large Chinese-foreign ventures this year for the first time, the China Daily content Auditor Company of Section 1.

quoted Auditor-General Lu Peijian as saying. "The move, according to economists, is to guard against squandering of capital from abroad," the newspaper said. "and infringements on.

### China's state-owned property. Occidental Has Big Strike in Oman

MUSCAT, Oman (AP) — Occidental Petroleum Corp. has made an important oil find in northwest Oman, the oil minister, Said al-Shanfari,

In a statement to the official Oman News Agency, Mr. Shanfari saidOccidental had discovered "large quantities" of light crude in its Suncinah concession, in which Finland's Neste Oy has a 35 percent stake.

Occidental of Oman Inc., the local unit of the U.S. company, discovered oil in 1983 at Safah, close to the border with the United ArabEmirates Coursest total content at Safah is actionated at incl. one 24 500 Emirates, Corrent total output at Safah is estimated at just over 24,500 barrels per day. Mr. Shanfari said the new strike lies about 40 kilometers

(25 miles) southeast of the Safah field.

Oman produces over 650,000 barrels per day of crude oil.

### **Employees Make Concessions at UPI**

WASHINGTON (AP) — Unionized employees of United Press International have approved contract givebacks aimed at easing the financial troubles of the news service, which is operating under U.S. bankruptcy.

UPI's editor, Al Rossiter, said Friday that the company was notified by the Wire Service Guild that the contract changes were approved by an 83 percent to 17 percent margin. UPI employs about 500 people worldwide. Under the changes, severance payments would be cut to 80 percent of the amount specified under the contract and the company could spread them over three years rather than one year. Laid-off employees who have taken jobs elsewhere at comparable wages would receive 50 percent of

their revised severance entitlement. Wages would remain at 80 percent of the contract level, or about \$568 a week for a top-level employee. UPI would have wider latitude in the use of stringer-correspondents.

### Riyad Bank Offering Set for Jan. 15

MANAMA, Bahrain (Reuters) — Saudi Arabia's Riyad Bank said Saturday that a public stock offering worth 3.8 billion riyals (\$1.01

billion) would open on Jan. 15.

Riyad Bank, the kingdom's second-largest, had been due to offer 8 million new shares priced at 475 riyals each to the public on Dec. 1. But a procedural hitch delayed the flotation, the biggest for Saudi Arabia.

### Pakistan Bank Float Oversubscribed

KARACHI, Pakistan (Reuters) - A new Pakistani commercial bank. Mehran Bank Ltd., said Saturday that its subscription offer for shares worth 300 million rupees (\$12.2 million) had attracted 2 billion rupees in

The bank is among 10 new private commercial banks the government has allowed to open since last year.

### Bleak Year Seen for N.Y. Retailers

NEW YORK (UPI) - Up to 10 percent of New York City area retailers may go out of business within the next year, according to a report

in a New York business newspaper Saturday. Between 8 and 10 percent of New York area retailers and apparel businesses nationally and may be forced out of business, R. Fulton MacDonald, president of the New York-based International Business Development, told Crain's New York Business.

# CHICAGO EXCHANGE OPTIONS

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# The U.S. Stock Markets of 1991

# Waiting for the Recovery Will Finally Be Rewarded, Trend Watchers Think

By Lawrence Malkin ational Herold Tribune

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NEW YORK - Stock market analysts see the bull stampeding out of its corral for the second successive New Year on the strength of their hopes for the U.S. economy. To borrow from Samuel Johnson in a different context, surely this must be the triumph of hope over experience.

and a Not so, they insist. This time the economy really will take off, al-though none of them sees it flying very high in 1992. This year will be different.

> In a nutshell, the answer seems to be that the recovery has to take place sooner or later, and a delay of one year only makes it more rather than less likely. A year ago, life was more uncertain because of the Gulf war. The outlook for inflation was

> war outcome for the oil market was "Waiting for the recovery turned out to be like waiting for Godot," said Allen Sinai of Boston Co. Eco-

also less certain because the post-

nomic Advisors. So much so that even Alan Greenspan, chairman of the Federal Reserve Board, was mistaken in one at [P] believing that the euphoriz of vic-tory in the Gulf would send American consumers swarming into shopping malls. No such miracle happened after American companies put the fear of God into consumers by laying off workers under the euphemism of "downsizing." This led Mr. Greenspan to try to work his own miracle by aggressively cutting interest rates.

Corporate demand for each from public markets hit record levels, bringing a bounty in fees to Wall Street investment houses. Page 12. The end-of-year stock surge may have made Microsoft's William H. Gates America's richest man at age 35. Page 13. How the mighty fell in 1991. Page 15,

For mutual funds, a record year. Page 16. The pace of investment in emerging markets has slowed. Page 17.

What is bringing this recovery!

And sooner rather than later?

else's, is Mr. Greenspan.

What underlies the current market outlook is the belief, right or wrong, that the worst is over. Some market technicians predicted the Dow Jones industrial average would rise about 10 percent, to 3,400 or 3,500, early this spring and that over-the-counter issues could gain as much as 30 percent.

Alan Newman of HD Brons & Co. said he saw "vastly more po-tential in smaller stocks" and recommended traditional cyclicals in technology, paper and metals. This is not exactly a rocket scientist's discovery if the economy really is

John Murphy of JJM Technical Advisers said he has just received the first intermediate buy signal since last May from what he calls his Moving Average Convergence Divergence Indicator. (In case you were wondering, this is a combination of exponentially smoothed averages, according to Lou Ming of Reuters.) Big surprise: Mr. Murphy is encouraged because interestrate-sensitive stocks, which thrive in a weak economy, are yielding their market leadership to cyclical stocks, which are improving in an-

ticipation of a recovery.

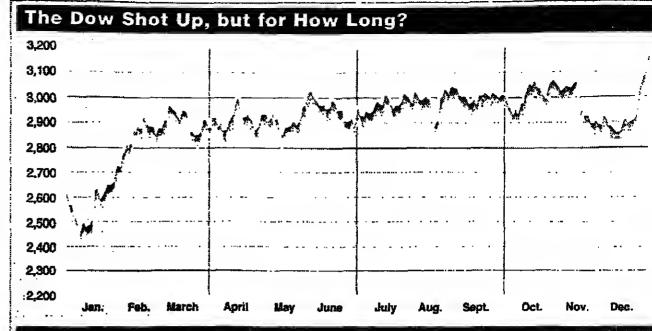
viduals and companies get liquid again and climb out of the debt holes they dug themselves into dur-

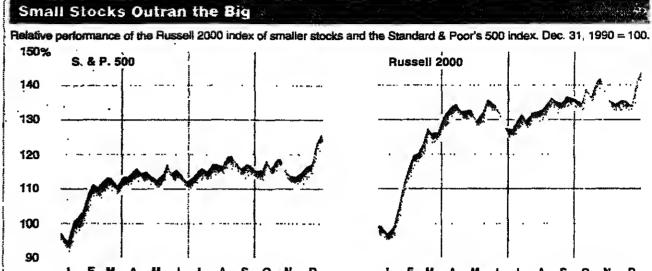
ing the 1980s. Inflation is also clearly under control, she said, with the core rate of consumer prices (excluding food and energy) increasing at an annual rate of 3 percent to 4 percent and no wage inflation on the horizon for a year or two. After more than a year of no growth, supplies are adequate, there are no bottlenecks and inesses want to unload mer-For one thing, according to Mr. Smai, just waiting around for it.

Even the outlook for exports, al-"The easing of fiscal policy, lower though worse then a year ago, has inflation and lower interest rates, turned better than had been exsome fiscal stimulus to come, mimerous other measures being takpected before Japan lowered its inen, and just the passage of time, should begin to produce an end to the recession by spring and some sort of second-half upturn." terest rates late last month. Although Europe will be squeezed by Germany's fight against inflation, she pointed out that the Pacific Rim countries take one-quarter of Abby Joseph Cohen, stock strat-American exports and booming egist for Goldman, Sachs & Co., Mexico takes another 7 percent.

ticked off her yesterday-today-and-But waiting will be worth it, ans tomorrow comparisons about why this year will be better than last. lysts said. The economy is further along in the business cycle, more inventory has been dumped, more First on her list, like everyone companies have reorganized, and Last year, the money supply was contracting, although interest rates as Ms. Cohen sees it, "when the pickup comes, business will see the were coming down. But short-term point of following through. They interest rates have halved in the past

year. Circulating currency and checking deposits that comprise Ming in inventory." All of which makes the old-fash-I, the simplest measure of money ioned monetarists feel antsy. Fear-supply, have been increasing at an ful that the Fed has panicked and annual rate of over 12 percent lately. begun to feed inflation, H. Erich Heinemann of Ladenburg Thal-"The Fed really means busimann & Co. alarmingly headlined his latest newsletter: "Buy Gold." ness," she said. Its rate cuts have lowered the cost of carrying per-"He's bound to be right," said





# Glimmer of Hope for Weak Dividends

By Floyd Norris

New York Times Service

NEW YORK - 1991 was in some ways the worst on record in terms of dividend. actions, with fewer companies providing good news for shareholders than at any time since figures began to be compiled in 1955, Standard & Poor's Corp. said.

Nonetheless, the year ended with limited signs of revival. In December, as in two of the previous three months, more companies annonnced dividend increases than had done so in the comparable month of 1990. That provided some hope that the decline in corporate

profits might be about to end. The poor overall dividend figures reflected the recession and cash flow problems that have hit many companies burdened by debts left over from the 1980s and hurt by weak sales: Even in a bad year, however, there were more than three times as many good an-

nouncements — of dividend increases, extra dividends or dividend reinstatements - as bad ones - dividend reductions and omissions. And there appears to have been a small increase in the dividends paid on the stocks in the S&P 500 index. The 1991 payout for a

of which are fractional, is an estimated \$12.20, said Arnold Kaufman, editor of S&P's outlook newsletter, just above the

\$12.17 of the year before.
But the total of 1,458 good announcements was the smallest for any year since S&P

Although last year was one of the worst for payout cuts and omissions, it ended with some signs of revival.

began keeping such figures in 1955 and was down 14 percent from 1990. With the number of companies that cut payouts climbing, a total of 437 bad announcements were recorded, the most since the 1982 recession. The ratio of good to bad, at 3.3-to-1, was the lowest since 1958, a recession year that saw a

flood of dividend cuts and a ratio of 2.7-to-1.

NYSE Diary

AMEX Diary

12 good dividend aunouncements for every bad one.

business borrowing, helping indi- Ms. Cohen. "Sooner or later."

One of the most closely watched figures is the number of companies announcing dividend increases, which fell 14 percent, to 1,086, in 1991. That was the lowest for any year since 1970 and 1971, when federal wage and price controls held the figures down.

Mr. Kaufman noted that the increases in the closing months of 1991 were in relation to the depressed levels of late 1990, after the recession had begun and while Iraq was still occupying Kuwait. "The increase is not really an indication that happy days are here again," he said.

The seasonal high for dividend increases normally runs from November to February, as companies anticipate or react to good annual profit news. But while December's total of 102 dividend increases was up from 88 a year earlier, it was otherwise the lowest

total for any December since 1960.

One bright point in the dividend picture was that fewer companies — 250 — omitted dividends in 1991 than the 266 that did so in

NYSE Sales

AMEX Sales

NASDAQ Sales

# World Stock Markets Turned Deaf Ears To Recession and Other Unpleasantness

NEW YORK - By any rational standards,

1991 should have been a disaster for the world's

It was a year of war, recession and the disinte-gration of the Soviet Union as well as major securities scandals in the United States and Japan. Yet, nearly all the major markets made significant gains, led by the United States, where the Dow Jones industrial average rose 20 percent. As if to thumb their noses at convention, the markets closed the improbable year with a strong

The only major market to behave normally through the turmoil was Tokyo's. The Nikkel index dropped 3.6 percent for the year. The small Mexicun market, the biggest global gainer, also had good reason for its performance. Here's a market-by-market look at what hap-

United States. The Dow industrial average was actually a laggard. Standard & Poor's index of 500 stocks jumped 26 percent and the NASD composite index, m

companies, soared 57 percent. The market flew early in the year on the vings of the allied invasion of Iraq. It meandered through the summer as the economy seemed incapable of recovery, taking a quick trip south and back at the time of the failed Soviet coup.

Salomon Brothers Inc.'s confession that it cheated at several auctions of Treasury securities and an investigation of stock fraud at Shearson Lehman Brothers may have robbed

investors of some confidence.

Stocks moved into historically high territory when the Federal Reserve's message of lower interest rates finally got through. The Dec. 20 cut in the discount rate to 3.5 percent from 4.5 percent was the year's fifth reduction in that rate. It convinced many investors that a recovery would finally come, and made stocks more attractive than fixed-income investments. The Dow industrials shot up 9 percent in the last seven trading sessions of the year.

Japan. Tokyo stocks probably should have done better than the rest of the world, not worse. But while Japan avoided recession, its economic numbers paled in comparison with those of the past and its market reflected the

Reduced U.S. demand for Japanese goods and a lighter appetite of consumers at home slowed economic growth and bit sharply into corporate earnings. At the end of the year, the Bank of Japan was copying the Fed with inter-

at a faster clip.

Scandal may have bothered Japanese investors more than their American counterparts. Japan's Big Four securities firms, Nomura, Daiwa, Nikko and Yamaichi, shocked many

investors when they admitted that they reimhursed their big institutional investors for stock market losses. The Nikkei 225-share index rose during the Gulf war enthusiasm but didn't come near those highs again. Tokyo stocks joined in the

December interest rate rally but the Nikkei gained only 4.5 percent over the period.

Britain. The FT-SE 100 Index gained 16 percent to close the year at 2,493. But the stagnant British economy pulled the index off the record high of 2,680 set Sept. 2.

War cuphoria evaporated as it became clear that recession in the United Kingdom was going to be deeper and longer than expected despite repeated cuts in British interest rates. It increasingly became a pre-election stock market, waxing

As if to thumb their noses at convention, the markets rallied strongly to end a year of economic troubles, geopolitical uncertainty and securities scandals.

and waning on the latest political polls. A parliamentary election must be held by July 9.

Britain had its scandals, too. The private companies of Robert Maxwell collapsed after his death and the Serious Fraud Office is investigating how hundreds of millions of pounds disappeared from his publicly traded Maxwell Communication and Mirror Group Newspapers before then.

Germany. Ever-higher interest rates held German stocks back and they could not re-establish all-time highs recorded before the Gulf war. Nevertheless, the DAX index rose 13 percent. Germany raised interest rates three times during the year to ward off rising inflation, increasing the key Lombard lending rate to 9.75 percent from 8.5 percent. The Bundesbank

raised the discount rate by a full percentage point to 7.5 percent in Angust and increased it by another half-point last month. France. French stocks followed the pattern

est rate cuts, trying to get the economy moving of European markets generally, up on the Gulf war and down when the economy weakened. The CAC stock index gained 16 percent for

the year, even though the government had to keep interest rates higher than it wanted to protect the franc. The Bank of France's program to ease credit to stimulate the economy was thwarted by Germany's moves up the interest rate ladder. On Nov. 18, France boosted its rates less than three weeks after it had cut them. Two days before Christmas, the Bank of France had to raise its intervention rate once again to follow

the Rundeshank. Italy. Stock prices in Milan dropped about 2 percent for the year, losing early gains because

of strikes and poor corporate earnings. Italian investors had to contend with scandal too. In August, the Milan stock exchange investigated an alleged fraud involving the disappearance of 100 billion lire (\$770 million) worth of shares. The August trading settlement date on the exchange was delayed as a result.

markets went into reverse because of spreading banking crises. Weak corporate earnings added to the bearishness in Norway, and Swedish stocks were hurt in the summer when the important pulp and paper companies reported worse-than-expected profits.

Spain. One of the most profitable markets of the 1980s cooled somewhat. Spanish stocks rose

10 percent in the year. Hoog Kong. The Hang Seng index climbed all year, closing up 42 percent to a record 4,297 despite unsettling news in the former Soviet Union and threats of trade friction between the

United States and China. With Hong Kong's dollar pegged to the U.S. dollar, Hong Kong interest rates fell most of the year in tandem with those in the United States,

Singapore. Another country alert to politics in China. The stock market was up 29 percent.

Australia. Recession brought Australia a new prime minister. Paul Keating, but it couldn't head off the stock market. The All Ordinaries

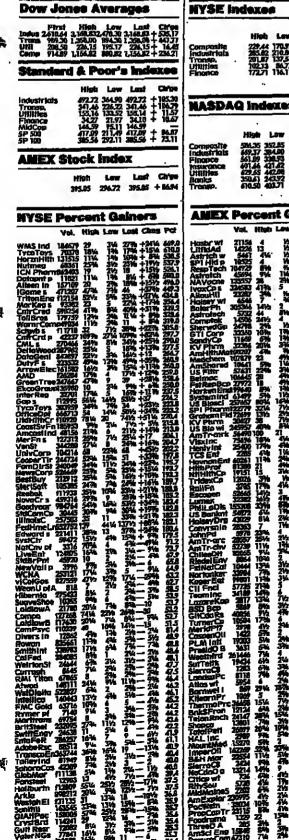
head off the stock market. The All Ordinaries index of stocks jumped 29 percent in 1991.

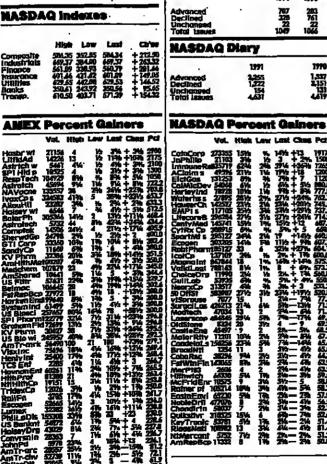
Analysts said the gain was misleading because Australian stocks had lagged those of other markets since 1987. Australia will probably fall behind again in 1992, they said.

Mexico. The Mexican market leaped 127

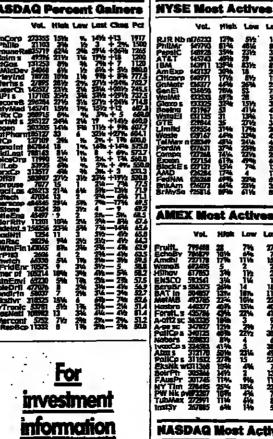
percent, helped by several new public issues, ncluding bellwether Telefonos de Mexico. After years of being buried by huge debts and rampant inflation, the Mexican economy seemed to have righted itself.

# MARKET DIARY







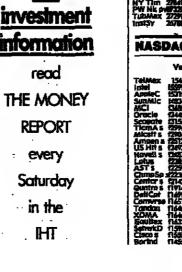


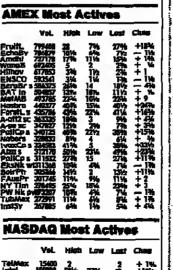
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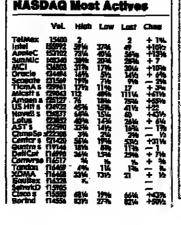
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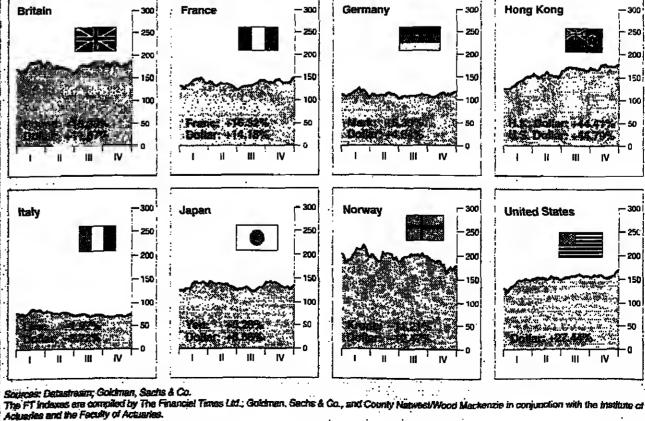
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### How Stock Markets Fared Around the World The Financial Times-Actuaries world indexes, which measure market performance, and annual changes in local currencies and in dollars.



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400 300 – Weekly high — Weekly close Weekly low

Common stocks that showed the largest percentage gains and declines in 1991, as calculated by Media General. Excludes stocks that began the year under \$5 and includes only one class of stock per

	1991 High	1991 Low	Dec. 31 Close	% Change From 1990
A Microsoft	14264		200	
International Game Tech	\$47.75	\$7.38	\$46.00	448.9
Triton Energy	52.50	5.63	33.38	434.1
Conseco	67.38	11.94	61.88	340.1
Countrywide Credit	41.88	9.13	40.63	339.2
Charles Schwab	32.00	7.92	30.38	300.3
CML Group	34.63	8.13	34.13	290.1
Delta Woodside	25.25	5.00	18.88	277.6
Duty Free International	49,63	12.38	49.63	260.9
Broad	19.88	4.63	19.75	259.1
Green Tree Acceptance	47.38	9.00	39.00	258.5
THE PER CO.		1		
HomeFed	7.00	0,13	0.31	<del>-9</del> 3.8
Orion Pictures	14.25	0.75	1.88	-85.8
Carolco Pictures	10.88	1.63	1.88	<b>-77.9</b>
Russ Togs	7.13	0.50	1.38	<b>-76.0</b>
Live Entertainment	16.38	2.88	3.25	-73.7
Standard Brands	10.00	2.00	2.25	<b>-67.9</b>
ADT Ltd "A"	22.88	5.60	7.13	-67.0
Western Co of N America		3.88	5.00	-64.9
Columbia Gas	47.38	12.88	17.25	-63.2
Hibemia	8.25	2.00	2.75	-58.5
				The New York Ti

# Offerings, Fees at New Heights

New York Times Service

NEW YORK — U.S. corporations' demand for cash from the public markets grew to record levels last year, despite the country's economic troubles, helping to build renewed strength for Wall Street firms.

Corporations issued a record \$579.75 billion in domestic securities, up by 85.8 percent lion in domestic securities, up by 85.8 percent lion from \$1.94 billion earned in 1990. That surpassed the 1987 results of \$4.51 billion.

Fourth-quarter results in fees were even with the amounts

strength for Wall Street firms.

Corporations issued a record \$579.75 billion in domestic securities, up by 85.8 percent from the previous year's record of \$312.11 billion, according to IDD Information Services, a New York-based research firm.

In the fourth quarter, corporations issued \$162.57 billion in securities, up from \$80.48 billion in the last quarter of 1990.

"We saw significantly increased issuance on the part of industrials, as well as financials and utilities," said Roger M, Vasey, executive vice president at Merrill Lynch & Co. in charge of the debt markets group.

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The Nasdaq's Performance in 1991 600 550 500 450 400 Weekly high Weekly close 350 Weekly low 300

### Nasdag's 1991 Gainers and Losers

Common stocks that showed the largest percentage gains and declines in 1991, as calculated by Media General. Excludes stocks that began the year under \$5 and includes only one class of stock per

e de la companya de l	1991 High	1991 Low	Dec. 31 Close	% Change From 1990
GAINERS		- (3		
Synergen	\$70.75	\$10.50	\$68.50	495.7%
Score Board	33.25	4.17	31.25	459.0
Gensia Pharmaceuticals	53.75	7.25	52.00	454.4
Vicor	45.25	8.25	43.00	391.4
Thom Apple Valley	43.50	6.00	31.50	384.6
National Western Life	30.25	5.63	27.75	382.6
Clinical Technologies	31.13	6.63	30.00	361.5
Healthcare Compare	40.75	7.13	39.50	357.7
Interpharm Labs	63.00	10.25	43.50	314.3
Electronic Arts	38.50	8.88	38.25	307.8
LOSERS				
Ventura Entertainment	7.38	0.31	0.31	<del>-96</del> .0
Lep Group	14.75	0.88	1.00	-92.9
Nycom Information Serv	7.00	0.75	0.75	-89.3
Independent Bankgroup	11.50	1.00	1.25	-89.1
Members Services	35.63	2.19	3.63	-88.6
American Body Armor	7.25	0,50	0.75	-87.0
Batners Group	10.38	1.50	1.63	-83.5
Ultimap	12.50	0.63	0.94	-83.3
Telemundo Group	5.50	0.69	0.88	-83.2
America West Airlines	7.63	0.88	1.03	-81.7
				The New York

### Microsoft's Gates: The Richest?

SEATTLE — William H. Gates, the 35-year-old founder and chairman of Microsoft Corp., may well have just become the richest American, with his stock in the world's largest software maker worth nearly \$6.5 billion.

At the current market price of \$113 a share, Mr. Gates's 56.7 million shares are worth \$6.41 billion, a healthy chunk of the company's market capitalization of \$19.8 billion. The stock of the company, based in Redmond, Washington, has risen 1,200 percent since it went public in the mid-1980s.

since it went public in the mid-1980s.

"It's going through the ceiling," one analyst said of the stock price. It has climbed from around \$103 a share, up 9.7 percent, in Wall Street's current strong rally, which began Dec.

Analysts estimate Microsoft shares, which

trade on the NASDAQ over-the-counter market, will jump as high as \$130 in the next 12 months, as the company's big-selling Windows software continues to bring in customer orders. That would bring Mr. Gates's wealth on paper to nearly \$7.4 billion.

Mr. Gates's wealth surpasses the \$5.9 billion attributed to John W. Kluge in Forbes magazine's annual ranking of the wealthiest people in the United States, published in October. Mr. Kluge owns Metromedia Co., a companying attention of the Company based in Security.

Delores Lataniotis, an associate editor at Forbes, said the magazine did not keep a running list of America's wealthiest people and would not begin working on its 1992 ranking until the summer.

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### 1991 U.S. STOCK MARKET REVIEW

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MYSE	
1001 Prices	
1991 Prices + Denotes sales x 10000.	

NASDAQ

National Market
1991 Prices
1: Denotes sales x 10000.
All other sales in hundreds.
Via The Associated Press

YIL PE Vol. High Low Close ChigoChigo 

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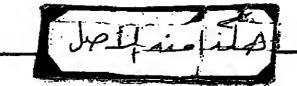
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# How the Mighty Have Fallen — 1991

'King' Loses His Crown
For John H. Gutfreund, 1991 was the year of

the great turnaround.

the great turnaround.

The once-proclaimed "King of Wail Street" began the year on a high note, seeing his work crystallize with the kind of success and recognition he had always sought. After several years of stumbling under failed investment-banking efforts, Salomon Brothers Inc., the firm he guided to become one of the biggest powers on Wall Street, was scoring the most successful returns in its history.

Meanwhile, Mr. Gutfreund's place in the social world was being solidified, as he served as a leader for some prestigious events, like the John V. Lindsay Prize fundraising dinner in February.

But the success proved short-lived and Mr. Gutfreund's world came unstuck seemingly overnight in August, with the revelation that Solomon had engaged in illegal bidding in the Treasury market.

More astonishing was the news that Mr. Gutfreund had known about one illegal bid for months without disclosing it to regulators.

Indeed, when bidding practices attracted the attention of regulators, Mr. Gutfreund insisted to the U.S. government that his firm had done

nothing wrong — without revealing his knowledge of the earlier improper bid.

The results came swiftly. After the revelation of Mr. Gutfreund's knowledge of the illegal bid, Salomon was thrown into turmoil. Its recovery was crushed, as the firm was flung into the greatest crisis in its history. Within days, Mr. Gutfreund resigned from the firm and was replaced by Warren E. Buffet. (NYT)

### Nomura Loses Face

After the Tokyo stock market collapsed in 1990, most securities executives expected 1991 to be a year of rebuilding. As Setsuya Tabuchi knows better than anyone in Japan, those guesses were wrong.

Mr. Tabuchi entered the year as the baronial chairman of Nomura Securities Co., the most powerful force in Japan's financial markets. He exited the year having been humiliated and his career ruined by the worst scandals to hit the markets in the post-war era.

His tale is not one of sudden reversals so much as a story of an industry and a man whose methods did not keep up with the changing times. Under Mr. Tabuchi's president, from 1978 to 1985, and then chairmanship, Nomura grew into a global behemoth that could nutsell most of its competitors.

But the outmoded culture that flourished

under him was laid into the open when it was disclosed that Nomura and the other major brokers had improperly compensated favored clients for stock trading losses.

Nomura then acknowledged it had maintained business ties with one of Japan's most notorious organized crime figures. Nomura's president, Yoshihisa Tabuchi, resigned in June. When that failed to quell the storm, Setsuya Tabuchi (the two are not related) himself went through the ritual of resigning to take responsibility, although he admitted none of the wrongdoing. He left his firm and the industry in turmoil, its credibility impaired.

#### Citi's Star Tarnished

When John S. Reed became chairman of Citicorp in 1984, he inherited command of the nation's largest banking company, and one that was so confident of its abilities that it did not shy from risks that other bankers would not even consider.

Today, with the economy in the first recession of his tenure, Citicorp is a more humble place. Its image has been badly tarnished by increasing loan losses, particularly the more risky kinds of loans for commercial real estate projects and corporate takeovers. A few months ago, the financial strain from bad loans forced the company to eliminate its common stock dividend.

Mr. Reed, who has never been a lending officer, rose through the ranks at Citicorp as a strategic planner and all-purpose executive, whose greatest success was developing Citicorp's profitable consumer hanking and credit card husinesses.

Now he is back at the drawing board, figuring how in cut \$1.7 billion of expenses by the end of 1992 without also cutting revenues. If successful, the cost cutting would restore Citicorp's profit margin to a level that could absorb the losses of

its corporate banking.

So far, the financial markets have been skeptical, however, and at one point Citicorp's stock price fell to \$9, nearly its lowest level in 11 years. As the holder of 552,000 shares, if the costcutting plan is not successful, Mr. Reed has more than his reputation at stake.

### Skyscrapers of Debt

Both his private life and financial troubles captured the headlines in 1991. But for Donald J. Trump, the 45-year-old real estate developer,

that is nothing new. From sealing his multimillion-dullar divorce to watching teams of bankers, lawyers and bondholders carve away pieces of his empire, Mr. Trump has rarely been out of the oublic

But how has be really fared in holding together his battered empire of casinos, hotels

and apartment buildings?

Fairly well — considering the condition the Trump Organization and its affiliates were in a year ago. At that time, nearly \$900 million of personal liabilities loomed over the developer. Throughout marathon negotiations with bankers and bondholders this year, Mr. Trump kept playing the same card: If he was not allowed to

playing the same eard: If he was not allowed to keep some potential for profit from his assets, everything would be brought down and tied up interminably in bankruptcy court.

Having billions of dollars of debt is a powerful bargaining chip. So over the course of the year, Mr. Trump managed to get the banks to release him from several hundred million dollars of the programment of the programment. lars in personal obligations. He is still personally liable to them for about \$550 million. Deep in the hole to be sure, but a lot closer to

Movies to Mug Shots

He managed to buy a major Hollywood studio, but Genearlo Perretti could not have had much joy from it. By early April of last year, creditors were trying to push MGM-Pathe Communications Co. into bankruptcy court, just months after Mr. Parretu acquired MGM/UA Communications Co. for \$1.3 billion and made it a subsidiary of his Pathe Communications Corp.

The deal was questioned from the start be-cause it was not clear where the money was coming from. By mid-April, it became clearer: Crèdit Lyonnais Bank Nederland NV, a subsidiary of the French-state-controlled bank Credit Lyonnais ousted Mr. Parretti as head of MGM-Pathe as a condition for advancing more money to the troubled studio. It had already lent at least \$250 million to Mr. Parretti, and agreed to ante up \$145 million more if creditors would drop the bankruptcy claim. They did, on the condition that Mr. Parretti be replaced.

The moves diminished the chances that Mr. Parretti, a waiter-turned-financier who claimed not to watch films, would fulfill his hopes of assembling a global entertainment empire. And

his troubles were not over. Mr. Parretti lost court cases in Delaware and Amsterdam, in which Crédit Lyonnais was able to keep him out of MGM-Pathe and to recall loans to a company he used in the takeover. In mid-December, Mr. Parretti claimed he had a buyer for MGM, but Credit Lyonnais said he was just raising a smokescreen. Later in the month, Italian police made it hard for Mr. Parretti to throw anything — they arrested him on accusations of tax evasion and criminal association.

### Junk Heap of History

He was an aggressive investor who built a small Los Angeles company into one of the largest U.S. insurers. But now Fred Carr of the Executive Life Insurance Co. can be counted as a casualty of the junk-bond era.

In April, the 60-year-old Mr. Carr lost control of his empire when California regulators seized control of Executive Life, the largest subsidiary of the First Executive Corp. A New York subsidiary was also seized, and First Ex-ecutive was forced in file for hankruptcy court

Executive Life, which has about 370,000 customers, invested nearly two-thirds of its assets in junk bonds, far higher than most insurance companies. Mr. Carr. a former Wall Street money manager, believed that, with careful management, he could minimize the risks of junk bonds and produce big returns.

For a long time the plan worked. But when the bond market suddenly turned down two years ago. First Executive went with it, reporting hundreds of millions of dollars in losses as its portfolio's value plummeted. Customers panicked and fled, and Executive Life nearly collapsed before being seized.

For Mr. Carr, failure has extracted a heavy price. While he remains chairman of First Executive, he has lost his insurance operations as well as \$10.7 million in compensation. (NYT)

### Hoodwinked by BCCI

As a poker-playing buddy of President Harry S. Truman and secretary of defense for President Lyndon B. Jnhnson, Clark M. Clifford was the classic Washington insider. His resume glittered and his recent memoir, "Counsel to the President," was a best-seller.

Today, there are four letters the \$5-year-old Mr. Clifford would love to erase from his cred-

As legal counsel to Bank of Credit & Commerce International and then chairman of First American Bankshares Inc., one of the American banks that BCCI secretly owned, Mr. Clifford has become tainted by the biggest financial fraud in history.

Regulators seized BCCI in July, soon after the fraud became apparent. By then, billions of dollars of depositors' money had been squan-

Mr. Clifford and his protege, Robert A. Altman, have insisted they were unaware that BCCI secretly owned First American. "My udgment is questionable," Mr. Clifford testified before the House Banking Committee last September. Mr. Clifford and Mr. Altman resigned from First American last August (NYT)

# Internationale Nederlanden Group

The results of Internationale Nederlanden Group for the first nine months of 1991 are in line with earlier forecasts. Net profit rose 12% from NLG 968 million to NLG 1.084 million. Total revenue was 14.6% higher at NLG 34,207 million. Total assets increased 9.2% to NLG 301.2 hillion. A satisfactory result is expected for the whole of 1991, noting, however, that the rate of increase on an annual basis will be clearly inwer than that for the first nine mnnths.

First three quarters

		Amounts in millinns of guilders						
1 NLG = GBP 0.305	First nine months 1991	First nine months 1990*	% Change					
Tntal revenue	ſ 34,207	ſ 29,850	+ 14.6					
Net profit	Γ 1.084	r 968	+ 12.0					
Net prnfit per share (in guilders)	f 4.67	f 4.09	+ 14.2					

-	September 30, 1991	December 31, 1990*	% Change
Total assets	f 301.220	f 275,86g	+ 9.2
Shareholders* equity	ſ 14.542	f 13,874	+ 4.8

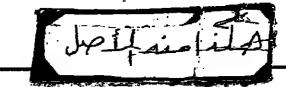
Pro forma combined figures



The report for the first nine months can be obtained at the following address: Internationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, Halland, Tel.: (+311206462201, fax: (+311206462301,

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### Amex's 1991 Gainers and Losers

Common stocks that showed the largest percentage gains and declines in 1991, as calculated by Media General. Excludes stocks that began the year under \$5 and includes only one class of stock per company.

1991 High	1991 Low	Close	% Change From 1990
\$41.38	\$5.23	\$38.63	638.6
23.00	4.63	22.25	345.0
26.00	5.00	24.63	337.5
32.25	7.02	31.25	321.7
80.75	16.75	78.00	300.0
21.00	5.00	18.63	263.2
33.63	8.88	33.00	230.0
23.75	5.50	18.75	226.1
28.00	7.63	27.63	211.1
25.75	6.00	20.00	175.9
9.88	0.13	0.38	96.1
5.38	0.25	0.75	90.8
9.88	1.38	1.75	83.3
7.38	0.75	1.13	81.6
8.63	1.38	1.88	74.5
9.25	2.75	3.00	61.9
10.75	.2.00	3.00	57,1
18.50	5.88	6.63	56.9
25.38	14.25	14.63	53.8
13.75	3,50	5.63	52.8
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# In Emerging Markets, a Pause

NEW YORK — The pace of investment by those who helped to discover the world's emerging stock markets is slowing down because many of the great bargains, like Latin America, have already been well-mined, analysis say

According to a survey by Kleiman International Consultants, a majority of institutional investors in these markets said they expect to hold onto their current level of investment in

these volatile markets in 1992.

This was down sharply from the jump of 7.5 percent in 1990 and even below the 2.5 percent increase in 1989.

Returns for the closed-end mutual funds that specialize in emerging markets have slowed. After a sparkling 51.5 percent total return, including dividends, in 1989, returns fell 10.9 percent in 1990, according to Lipper Analytical Services. Through November of last year, total returns are up 13.5. But the increase would have disappeared without the 73.8 percent surge in returns from Latin 73.8 percent surge in returns from Latin

investment expect it to be at a rate lower than last year.

In 1991, investment in emerging markets climbed by an average of 2 percent, to a total of 9.5 percent of all the funds invested in international markets by the firms surveyed.

American funds.

The sharp investment increase in 1990 was overdone. It came with the sudden growth of funds designed to target these emerging markets, which did so well in 1989. The slowdown last year was, in part, a response to the slump of the economy worldwide.

15 Month High Low Stock Yid, PE Vol. High Low Close ChiseChise High Low Stock Yid, PE Vol. High Low Close ChiseChise

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# **MONDAY SPORTS**

# Upset in Giant Slalom, Tomba Charges Back to Win Slalom

KRANJSKA GORA, Yugoslavia - It was back to "La Bomba" for the Italian star Alberto Tomba as he regained his form Sunday to win the slalom for his 24th World Cup ski triumph.

Tomba, upset in the giant slalom on Saturday by an unheralded compatriot, Sergio Bergamelli, on Sunday mastered the icy slopes with the bravado that bas earned him his nickname, "La Bomba," or

the bomb. He beat Armin Bittner of Germany by nearly two seconds.

Ruciog effortlessly. Tomba clocked the fastest time on both runs down the Podkoren slalom course for a final time of 1 minute, 40.48 seconds.

Hordes of Italian fans, who only 24 hours earlier flocked to hoist Bergamelli onto their shoulders after his surprise victory, mobbed Tomba after his triumph.

Bergamelli did not race Sunday. It was Tomba's 14th World Cup slalom victory and his 24th World Cup triumph overall.

Bittner, seeking his first victory this season, had to be content with second in 1:42.78.

Finn-Christian Jagge of Norway was third, at 1:42.78, 09, followed by Marc Girardelli of Luxembourg, last season's overall World

Cup winner, at 1:43.

The victory on Sunday was the

fifth of the season for Tomha. It Schneider and Compagnoni pushed his total to 800 points in the were also first and second in the overall standings, which he leads. season's opening giant slalom Dec. 8 in Santa Caterina, ftaly. Paul Accola of Switzerland is sec-

"I had a good feeling before the ond with 675 points. Girardelli is in third place with race, while I was examining the course," Schneider said. "It's a

408 points, 62 ahead of Jagge. On Saturday, Bergamelli, in the first World Cup race of 1992, opened with a run of 1 minute 9.15 secoods. He then went even faster in the second run, clocking 1:09.03,

for a total time of 2:18.18. That put him more than two sec-onds ahead of Hans Pieren of Switzerland, the runner-up at 2:20.40.

Tomba, cheered by the Italian fans, improved only marginally on his fourth-place first run. He was third after both runs, in 2:20.94.

Bergamelli, a former World Cup junior champion who started 34th, had as his previous best performances this year in giant slaloms two 11th-place finishes.

#### ■ Victory for Schneider

Vreni Schneider of Switzerland mastered one of the toughest courses on the women's circuit with two blazing runs to win the giant sialom oo Sunday in Oberstaufen, Germany, and vault into the women's overall World Cup lead, the

Associated Press reported. Deborah Compagnoni of Italy finished second while Carole Merie of France was third in the second giant slalom of the season.

# Sampson To Play In Spain

WASHINGTON - Ralph Sampson, the fallen star of the National Basketball Association, has asked waivers from the Washington Bullets to accept a \$225,000 offer to play

ACB League. Sampson, who plans to leave Tuesday for Spain, said he re-alized he likely would be cut next week when nonguaranteed contracts become guaran-

for Malaga in the Spanish

teed for the rest of the season. "If somebody wants to call my agent and pick me up be-fore Tuesday, I'd love to stay in the NBA," Sampson said Saturday night.

Signed as a free agent Nov. 19, he basn't played in 11 of the Bullets' 21 games since, and none of their last six.

their foreign players up until the playoffs start in April. But the Malaga team, which now includes Leo Rautins of Syracuse University and Dyron Nix of Indiana, made it clear last week that while it wanted Sampson, the offer wouldn't be oo the table forever.

Spanish teams can replace

# Fearsome UMass Upsets Sooners

The Associated Press

Strong scoring from the starters, a tenacious defense and a small dose of fear have given Massachusetts one of its greatest basketball victories.

With Jim McCoy scoring 20 points, the Minutemen shut down the powerful offense of 14thranked Oklahoma for an 86-73 victory Saturday night in Springfield. Massachusetts.

"We were a little scared, but being scared sometimes makes you play harder," said point guard An-

ton Brown. The Socoers have played five games in nine days, but their coach, Billy Tubbs, said: "I think we were mentally ready to play. They just did a better job than we did."

Massachusetts (11-2), beating a ranked team for the first time since a 1976 victory over Providence, held Oklahoma (10-1) to 36 percent shooting and had a 33-2! rebound advantage, with Lou Roe leading the way with nine.

Bryan Sallier led Oklahoma with a career-high 30 points. Damon Patterson, who had averaged 27 points a game, was limited to 12. The Sooners were held 30 points below their scoring average. Oklahoma had a 4-2 lead 1:54

into the game, but Massachusetts was in control thereafter. No. 2 UCLA 87, Georgia 80: Don MacLean and Tracy Murray each scored 24 points for UCLA (8-0), which made its last eight free throws to bold off visiting Georgia.

MacLean made four of the last Darrick Martin and Typs Edney

each chipped in with two. No. 4 Kausas 79, SMU 67, Richard Scott's consecutive lay-ups triggered a 16-2 first-half run for the Jayhawks (10-0) in Dallas. Ben Da-

#### COLLEGE BASKETBALL

vis's tip-in, Scott's lay-ups, two

baskets off turnovers and Adoms Jordan's lay-up and 3-pointer made it 33-25. The Jayhawks led by 46-35 at halfume, and SMU got no

closer than seven after that. No. 5 Connecticut 70, Illinois 66: Chris Smith scored 33 points as the Huskies (10-0) overcame poor shooting and rebounding in Champaign, Illinois. Connecticut hit only 39 percent of its shots and was outrebounded, 52-33. But Illinois (64) was even worse, hiting only 34 percent and committing 19 turn-

No. 3 N. Carolina 85, Colorado 64: In Chapel Hill, North Carolina, the Tar Heels (9-1) had a 50-39 rebounding edge and held Colora-do (7-4) to 34 percent shooting.

No. 10 Indiana 81. Cincinnati 60: Erie Anderson made 7 of 11 shots, St. 64: In Starkville, Mississi including the first four he tried in Robert Horry had 21 points and 14 the second half, to spark Indiana rebounds to pace the Crimson Tide meetings at Freedom Hall.

WALES CONFERENCE .

HOCKEY

**NHL Standings** 

No. 12 Seton Hall 67, Boston College 64: In Newton, Massachuand, on defense, helped hold Boseight free throws in the final 2:51. setts, Jerry Walker scored 23 points ton's star, Billy Curley, to just two

field goals. No. 13 Missouri 79, Oregon 58: Jevon Crudup scored 22 points for the Tigers (11-0), who overcame an early six-point deficit with a 14-3 first-half run in Eugene, Oregon. Crudup had 11 points as Missouri built 2 43-30 halftime lead. Missouri ri extended Division I's longest

winning streak to 17 games. No. 16 Arkansas 110, Anhum 92: In Fayetteville, Arkansas, Todd Day scored 35 points and made a school-record seven 3-pointers as the Razorbacks romped in their de-but in the Southeastern Conference after years in the Southwest Conference.

No. 17 Kentucky 80, S. Carolina 63: In Columbia, South Carolina, the Gamecocks joined Arkansas as an SEC newcomer, but with considerably different results. Jamai Mashburn had 33 points and 11 rebounds as Kentucky ruined South Carolina's SEC debut.

No. 18 St. John's 83, Misma 69: In New York, Malik Sealy scored Hubert Davis had 22 points to lead
North Carolina, sinking four of six

A point Carolina, six and s points for the Redmen (8-2, 2-0). No. 19 Alebenia 78, Mississipp

Litterial Green led the Bulldogs (9-2) past the Bearcats (8-2) in Cin-with 38 points, 32 in the second cinnati

Reds

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winning streak.
No. 20 Wake Forest 73, Cleanson

14 points and Anthony Tucker had 13 for visiting Wake Forest. No. 21 UNC-Charlotte 76, Coastal Carolina 61: In Charlotte, North Carolina, Henry Williams took care of the offense with 27 points and everybody ganged up to hold Coastal Carolina to 11 first-

half points. villanova 75, No. 22 Georgetown
73: Lance Miller made two free
throws with 3.8 seconds remaining as Villanova (3-6) held off the Hoyas (7-2) in Landover, Mary-

Villanova led most of the way. but the Hoyas went ahead 71-69 when Irvin Church made four free throws, two for a fool and two more when a technical was called on Villanova's Chris Walker.

No. 23 Syracuse 79, Providence 66: In Syracuse, New York, Adrian Autry and Dave Johnson each had 19 points and the Orangemen set a team record with 11 3-pointers.

Tulane 87, No. 24 Louisville 83: In Louisville, Kentucky, Matt Greene scored four of his 21 points in overtime to spark unbeaten Tulane's upset in the Metro Conference opener for both teams. It was the first time Tulane (9-0) had defeated Louisville (7-2) in 11

### SCOREBOARD

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NBA Standings

EASTERN CONFERENCE

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FRIDAY'S RESULTS Parish 7-12 5-6 19, McHole 8-15 22 10. Re-bounds—Cleveland 41 (Dayuherty 14), Boston 5) ) Parist, McHole 11), Assists—Cleveland 33

(Brandon 7), Beston ZI (Show 8). Hew Jersey 38 24 24 30—195
Ellison 12-15 7-7 31, English 5-12 9-18 19:
Columon 6-14 12-15 25, Bowlet 10-17 10-12 30,
Rebbends—Washington 45 (Ellison 15), New
Jersey 54 (Oriental 14), Assists—Washington 1.Thomas 8-17 4-4 20, Aguirre 8-17 1-2 18; Harper 9-18 2-3 24, Blackman 4-18 4-5 18, Re-bounds—Detroil 56 (Rodman 20), Dallas 51 17.Davis 161, Assists—Detroil 19 (1.Thomas

LA Lokers 20 21 21 22—87 Person 8-12 1-2 19, Miller 11-14 7-8 29; Per-kins 4-1 17-7 LS, A.C. Green \$-123-213. 5mift 5-11 3-4 13. Rebounds—Indiana 56 (5chrempf 11). Las Angeles 52 | Perkins 91. Assists—Indiana

30 (Person 4). Los Angeles 21 (Worthy 3).
SATURDAY'S RESULTS
LA Clippers 30 18 24 23-75
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kins 10-24 9-18 30, Augmon 6-11 7-7 19. Rebounds—Los Angeles 57 Ihorper 91, Atlanta
51 Iwillis 161, Assists—Los Angeles 18
1G.Rivers 71. Atlanta 26 (Wiley 18),
New York 33 30 29 21—113
Washleston 32 29 29 24—97
Ewing 9-15-624, Jackson 7-125-620, Starks 7135-520; Stewort 9-15-2-320, Adoms 9-225-622,
Rebounds—New York & Ewins 191, WostInphon 52 (Ellison 12), Assists—New York 26
(Jackson 91, Wost-Inston 10 (Ellison 5),
Phoents 27 26 28 28—106
Chariette 34 36 21 23—113
Hornacek 7-16-4-6 19, Majeria 7-14-4-7 18;
L.Johnson 18-15-3-6 23, Newmon 3-8 13-16 19,
Rebounds—Phoenix 49 (West, Lang 71, Chartotte 5) (L.Johnson 13), Assists—Phoenix 25

Rebounds—Phoenix 49 (West, Lang 7), Cha lotte 5) (L. Johnson 13), Assists—Phoenix 1 (K. Johnson 11), Charlotte 27 (Bosues 12).

27 24 28 28— 76 24 27 27 22—100 Show 7-15-0-14, Lewis 11-21-1-23, Campbell 11-20 11-12-34, Spencer 7-14-4-5 18, Resounds—Boston St (McFlate 12), Minnesota 55 (Spencer 11), Assiste—Boston 19 (Show, Green 5), Minestria 24 | Richardson 15), lety Jersey 26 24 10 24—94 hickey 3 39 39 40—140

nesula 24 I Richardson 15),
Metry Jersey 28 24 19 24—14
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Bowle8-174-420, Petrovic8-176-116; Pippen
8-15-5-721, Jordan 12-20-4-27, Rebounds—New
Jersey 41 (Dudiey 11), Chicage 78 (Grant 17).
Assists—New Jersey 22 (Morris, Bloylock 4),
Chicago 39 (Piepen 9),
Orlande 5) 24 22 24—91
Deaver 13 25 25 28—93
Turner 9-16 4-6 20, Revnolds 7-16 7-10 21,
M.Anderson 8-20 4-8 207 G.Anderson 4-8 9-16 21,
Gürland 5-8 5-6 15, Rebounds—Orlando 53

Garland 5-8 5-4 15. Reboulds—Orlando 55
(Reynolds, N.Anderson 101, Denver 52 (G.Anderson 191, Assists—Orlando 21 (Reynolds 9), Vallanova 75, Calgate 58
Villanova 75, Georgetown 71 19 15 19 25-78 Dallas Utah

Jie 43 (Kemp, Cage 7). Assists—Philod 18 (Dowkins, Grant 5), Seattle 25 (Payton 7). New Orleans 54, Yexan-Pan Am

Alami Zi 29 29 27---118 Accramento 24 37 14 24-- 97 Long 4-13 7-8 19, Rica 8-17-44 22, Webb 8-18 7-9 24, Richmond 7-21 5-7 20, Rebounds—Michini 43 | Selfaby 201, Socramento 5) (Simmons 11), | Assists—Michil 18 (Smith 5), Socramento 24

tough course, but I knew exactly

which route to take through the

both runs to win by a whopping

That gave her 100 points for a total of 380 in World Cup stand-

ings, one more than the defending

overall champion, Petra Kron-

Krooberger, making mistakes in both runs, finished 12th, 3.45 sec-

onds behind Schneider. She collect-

ed 28 points and dropped to second

The Hundle course had a vertical

The race almost got rained out

drop of 330 meters (360 yards),

and the start of the first run was

delayed by 15 minutes, but some of

the top starters still had to race

The conditions improved slightly

for the second run, but rain and

warm weather finally took their toll

forced the cancellation of Mon-

day's slalom. Officials said it would

not be rescheduled until after next

week's World Cup in Austria.

overall with a total of 379.

with 47 gates in both runs.

1.24 seconds.

berger of Austria.

through a drizzle.

She posted the fastest times in

(Simmons B).
Indiana 28 25 44 28—121
Golden Stute 35 23 24 25—146
Smits 3-183-421. Flemins 5-139-1117; Mullin
12-209-103, Owens 7-47-721, Hardoway 7-14-6-20. Marciulionis 0-10 8-424. Rebounds—inding S3 1 Davis 111. Golden State 57 (Owens 18).

Major College Scores

FRIDAY'S RESULTS

Fasa 55. Washington 50 SATURDAY'S RESULTS La Salle 120, lana 82 Manhattan 67, Fordham 46

neurs 67, Army 40 Massachysetts 66, Oklahoma 73 Princeton 47, Levela, Md, 46 Rhade Island 77, E. Michigon 80 Rider 84, Buttolo 63 River &, Burrio &; Robert Morris &I. Cent, Connecticut SI, 43 Rutgers (BI, Delaware 76 Seton Hall 47, Boston Collège 44 SI, Johns 83, Miomil 49 SI, Joseph's 94, American U, 82 Syrocuse 79, Providence 44

SOUTH Dollas 19 15 19 25—78
Utoh 28 29 30 34—112
Williams 5-12.4-41.4. Smith 7-12.4-14.1 K.Mahore 10-14 6-9 24, J. Mohare 11-14 2-2 24. Rebounds—Collas 46 (Smith 7), Utoh 42 (Brown 14). Assists—Dollas 15 (Harper 4), Utoh 32 (Stockton 12).

Delaware 51, 84, Bethune-Cookman 78

North Carolina 85. Colorado 44

Virginia 7/, Florido 5/, & GT Virginia Tech 78. Old Dominio Wake Forest 72. Clemans Si William & Mary 22, Lehigh 45 ADWEST Akran 82, N. Illinois 89 Assists—Indiana 19 (ALWIII) ams 5). Golden Siate 22 (Hordaway 10).

Consists Se, Ferriner at LSU 84, Texos 82 Rice 84, Texos 83, 67 Jomes Modison 88, Oregon SI, 68 Now Marico 89, Utoh 54 S1, Marv's, Col. 74, CS Northridse 72

Bucknell 98. Cornell 94 Draxel 47, Latayette 44 Hafsfra 48, Wagner 45 Hafy Crass 115, Mount St. Mary's, Md. 87 Martist 67, Army 40

| Stockton | 12|, | Stockton | 13|, | Stockton | 12|, | Stockton | 13|, | Stockton | 14|, | Stockton | 15|, | Stockton |

THE PRINTER GOT MY LIAME WRONG! IT SAYS DAGWOOD BIMSTEAD

SW Louisiana %, Jacksonville & South Florida 78. Texas Christian 47 Tennessee 91. Vanderbiit 75 Texas Sauthern 74. Jeckson 81. 67 Tulane 87. Laulsville 83. OT Virginia 77. Florida 51. 48. OT

Sell S. B., Grand Valley S. S. Cannecticat 70, Hilhois & Dayton 72, Evansville 70 Jil.-Chicoso 92, Wright St. 49 Hilhois St. Se. Creightfon 49 Indiana St. 59, Brodley 49, OT Janua 131, Cantenna 40 Inwa 11, 74, Allonsota 74
Iawa 11, 74, Minnesota 73
Lavoia, III. 94. Georgie 51, 73
Mac.Kansos City 82, Wis.-Milwauk
NE Illinois 92, W. Illinois 90, 20T
Nebroska 81, E. Illinois 68
Plantis 64, W. Michison 68 Purdue 64 W. Michigan 48 S. Illinois 70, Droke 55

3. Illinois II, Proces is SE, Missouri TJ, Austin Peav 76 SW Missouri St. 46, St. Louis 57 SI, Peher's 71, Wichite St. Towano St. 67, Younestown St. 52 Wig-Green Bay & Cleveland St. 54 Wisconsin Bi, Marquette 43
SOUTHWEST Ark\_Little Rock BJ. Larner 73 Arkanson 110, Auburn 92 Arkanson SJ, 64. Southern Miss. 54 Kanson 77, Southern Meth. 67 N, lowa BJ. Tulsa 68

N, towa SJ, Turisa of Oral Roberts SJ, E. Tennessee St, 83 Som Houster SJ, 72, Stephen F.Austin 4 South Akabama SJ, Baytor SJ Texas-Arlington M, SW Texas St, 70 Texas-Son Antonia 67, North Texas S7 FAR WEST FAR WEST Artzond St. 59, Sen Oleyd 54, OT Brighton Young 51, Tennessee To Guszond 67, E. Washinston 47 Idaha 84, N. Arizand 80, OT Long Beach St. 84, Pacific U. 78 Allegourt 75, Oregon St Masourt 77, Oregon 58
Mantona 81, Idaha 51, 74
Nevoda 74, Bates 51, 68
Pertland 84, Alt Ferce 57
Son Francisco 85, Columbia 74
St. Mary's, Cal. 98, Sacramento

Stanford BC, CS Northridge 59

Brighton & Crawley 0

Uten St. 68. Fresno St. 63 Weber St. 81, Montana St. 60 SOCCER,

UC Sente Berbere 71, Sen Jose St. 70, OT

EMGLISH POOTBALL ASSOCIATION CUP Third Round
Bjockburn 4, Keltering Town 1
Botton 2, Reading 8
Bournemouth 0, Newcastle 8

Bristol City 1. Wimbledon 1 Bristol Rovers S. Phymouth 8 Burniev 2. Derby 2 Coventry 1. Combridge 1 Everton 1, Southend 0

Exister 1, Southway 0
Exister 1, Portsmouth 2
Formborough 1, West Horn 1
Huddersfield 8, Millwall 4
Hull 8, Chelsen 2
[pawich 1, Hartlebool 1
Leicester 1, Crystal Palace 9
Middillestray and 2, Afronchetter sbrough 2 , Manchester City Norwich 1, Barnsley 0 m Forest 1, Welverhampton 8

Nothinsham Forest I, Wave Oldham I, Leyton Orient J Oldham 1, Leytan Orlent )
Oxford 2, Transmere 1
Preston 8, Sheffield Wednesday 2
Sheffield United 4, Lutan 0
Southampton 2, Queen's Park Rangers 8
Sunderland 2, Port Vale 0 Swindon 3. Walters 2 Waking 8, Hereford 8 Wrexham 2, Arsenal 1

ITALIAN FIRST DIVISION Ascell J. AS Rome J Atolonto et Bersomo E. Verone d Barl J. Cogilari D Cremonese-Internazionale at Milan, patad. Flamentina 1, Sampdaria al Genoa 2

Florentina 1, Samedaria al Genoa 2
Genoa 1, Torina 1
Juventus at Turin 1, Parma 0
Lazia of Rume S. Fosgia 2
AC Allign 5, Naseli 0
Stantlines: AC Milan 28; Juventus af Turin
ZI: Naseli 19; Lazia at Rome 10; Genoa 77;
Tarina, Atalanta at Bergama, Parma, Internazionale at Milan 16; Fossia, AS Roma 15;
Sampdoria al Genoa, Florentina 14; Verona
13: Cogilari 18; Cremonasa 8; Bart 7; Ascali 4,
SPANISH FIRST DIVISION
Attetto, Modrid 2, Real Madrid 0

Attetics Modrid 2, Real Modrid 9 Tenerife 4, Athletic Bilboo 1 Mallarca 1, Barcelana 2 Espanol 9, Burgos 9 Real Sociedad Q. Albocale 1 Zaropaga 1, La Coruna 2. Oviedo 2. Louranes 3 Ososuna 2, Sportine Gijen 2 Volencia 3 Sevillo 2. Codiz B. Velledavia A Standlers: Real Modeld 27: Atletico Mo-

drid 21: Barcelong 21: Zaroscoz 21: Votencia 28: Burgos 19: Sporting Glien 19: Sevilia, Al-boczte 18: Oviedo 16: Real Sociedod, Lo-granes 14: La Curuna, Osasiuna, Teneritte 13: Afficite Bilboo 12: Codiz 71; Espanol 8: Ma-INTERNATIONAL FRIENDLY

TERMS IN THE

AUSTRALIAN HARDCOURT RESULTS In Adeialde, Singles Semificals Ivanisevic (1), def. Bryan Shellan, U.S., 6-4. 4-2. Christian Berestrom, det, Carl-Uwa Steeb

62. Cermann, 74 (47), 6-4.
Singles Finals
Goran Ivanisevic (11, Yugasiavia (Cractia), def. Christian Berustrom, Sweden, 1-4,7-

CAMPBELL CONFERENCE Soficies 1 3-6
Andreychuk (17), Howarchuk (11), Kurvers
(4), Moothly (19) 2, Kurvers (7), Storison goal;
New York Jen Materchuk) 9-5-12-26, Boffolo
Jen Heoly, Weeks) 16-17-15-42,
Yerestle
Detroit 2 3 3-4 11164

Lumme (3), Druce (5), Infrate (7), Ferbus (4), Thepeti (2), Sandlok (7). Shots on sooi: Vancouver (on Beoubre) 5-10-10-3—28. Wash-

Wilson (3), Oineen (9), Cruigwei) (1), Kisio (7), Sher's en goet: Philiodelphio (on Hockett) 9-12-7—28. Son Jose (on Hexhol) 7-18-14—31, SATUR DAY'S RESULTS

Indig 1st Mnings: 445-7
ans 4. Shots se goal: Wisnings (en Barrose)
15-9-33. Pitisburch (an Essena) 8-14-10-32.
Beffore
1 1 9-2
Beston
8 1 1-4
LaFontighte (11) 2. Douris (61, Janney (8),
Pokiston 1st Innings: 240 - all out
5-7 Lanka 1st Innings: 240 - all out
5-7 Lanka 1st Innings: 240 - all out
5-7 Lanka 1st Innings: 240 - all out
5-8 Lanka 1st Innings: 240 - all out uns 4. Shots on goal: Wismines (on Burratio) 15-9-33. Pittsburgh (on Essena) 8-14-10-32.

Leach (19), Bourean (13). Shots on seal: Buffalo los Deiguidice) 12-12-15-37, Boston Ion

[an Berthlaume) 8-7-12-27. Los Angeles [an Wresowt) 9-21-7-37.

Montreal 0 0 1-1
Sea Juse 0 0 0 0-6

CRICKET

DRO VS. INC Sunday, 'in Sydney Austrolla 1st Inninos: 313

World Cup

WOMEN
Senday's alont statem in Oberstoufen, Ger-naueri 1, Vrent Schweider, Switzerland, 2:19.42; 2, Deborat Compagnost, Univ. 2:20.66) 3, Corole Merie, France, 2:5).22; 4. Torrette 3 1 8-4
Detroit 3 2 3-4
Detroit 3 1 8-4
Silmour (12), Shanson (2), Sheppard (20),
Rouse (2), Yachocri (19) 2 Yachman (19),
Clark (7), Fedorov (15), Stacks on good: Toronto for Millem) 9-6-20, Dehroit (on Fuhr 16
Analysis 2 4 8-7
Decheson (97) 2 Kurri (15) 2 Blanz (27), Dehroit (27), Partilla William (18), Ekiland (5), Gretzky (17), Millem
Analysis 2 8-7
Decheson (97) 2 Kurri (15) 2 Blanz (27), Dehroit (27), Partilla William (18), Ekiland (5), Gretzky (17), Millem
Analysis 2 8-7
Decheson (97) 2 Kurri (15) 2 Blanz (27), Dehroit (27), Dehroit (28), Ekiland (5), Gretzky (17), Millem
Analysis 2 8-7
Decheson (98) 2

Hold Zurbriggen, Switzerland, 2:22-52.
Glauf stetem standings (offer 2 races): 1.
Schnettler 200: 2. Compagnont 100: 3. Merie
111/4. Roffe 100: 5. Whoery 87; 6. Twardokens
77; 7. Salvenmoser 75; 8. Wachter 74; 9. Merita
69; 18. Moter 67.
Describ standings (offer 8 races): 1. Overed #toodings (efter 8 ruces); 1, Schneider 380 points; 2, Kronberger 379; 1, Schneider 381; 4 Meric 276; 5 Zurbriggen 246; 6 Compagnol 226; 7, Fernandez 224; 8 Vogt 193; 9, Wibers 164; 10, Kerrin Lee-Goriner, Canada

TRANSACTIONS

FOOTBALL

Retional Football Laugue

NFL—Named Deriver quarterback John

Elway to AFC Pro Bowl team to place of Dan

Morino, who is intered and will not play

### 34 25 28 27-114





Answer here: Jumbhe: CLOTH HEAVY JURIST TAWDRY Answer: What money can't buy-WHA1 IT USED TO

**PEANUTS** 

BLONDIE

HERE'S SOME NEW

J.C. DITHERS STATIONERY
WITH YOUR NAME AND
TITLE UP IN THE CORNER













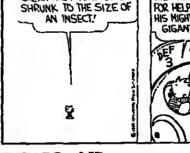


6 17-5), 6-4









CALVIN AND HOBBES

CALVIN HAS MYSTERIOUSLY







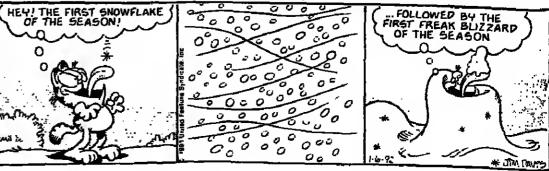








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# **MONDAY SPORTS**

Kelly's 3 Touchdown Passes

Help Rout Chiefs, 37-14

ORCHARD PARK, New York

Buffalo (14-3) will host Denver

in the AFC ritle cootest next Sun-

day with the winner advancing to Super Bowl XXVI. No matter who

wins oext Sunday, the Bills and

Broncos will, between them, have

represented the AFC in the Super

In a total reversal from their reg-

ular season meeting, when Kansas City gained 247 yards on the ground and wom, 33-6, Buffalo dominated all phases of this game. It took three interceptions by the Chiefs to hold down the score and

eventually produce Kansas City's first touchdown of the day. Buffalo also intercepted the

Chiefs four times and Kansas City

was forced to play two-thirds of the

Kelly threw a 25-yard touch-

thrown by Mark Vlasic.

Bowl for five out of six seasons.

# Redskins, Broncos and Bills in NFL Conference Title Games

NFL Playoff Picture

First-Round Games

AFC

• KANSAS CITY CHIEFS 10, LA RAIDERS 6.

 HOUSTON OILERS 17, NEW YORK JETS 10.

ATLANTA FALCONS 27, NEW ORLEANS SAINTS 20.

DALLAS COWBOYS 17, CHI-CAGO BEARS 13.

Second-Round Games

• DENVER BRONCOS 26, HOUSTON OILERS 24. BUFFALO BILLS 37, KANSAS CITY CHIEFS 14

lon. 5, 4 P.M.

 WASHINGTON REDSKINS 24. ATLANTA FALCONS 7. DALLAS COWBOYS (12-5) at DETROIT LIONS (12-4): Sunday,

Conference Title Games

AFC • DENVER BRONCOS (13-4) at

BUFFALO BILLS (14-3): Sunday, Jan. 12, 12:30 P.M.

NFC

 DALLAS COWBOYS (13-5) or DETROIT LIONS (13-4) at WASH-INGTON REDSKINS (15-2); Sunday, Jan. 12, 4 P.M.

Super Bowl XXV

Minneapolis, Sunday, Jan. 26

Playoff Statistics

25 pass from Kelly (Norwood

Bul-FG Norwood 33, 14:58,

But—Loffon (6 poet from Kelly (Norwood kick), 3:07, KC—Word 3 run (Lowery kick), 71:52, Fourth Georiec But—FG Norwood 20, 4:98, But—FG Norwood 21, 4:98, But—Eg Norwood 27, 5:52, But—Davis 5 run (Norwood kick), 10:83, KC—F Jones 20 post from Vlosic (Lowery kick), 3:25

25:51 IMDIVIDUAL STATISTICS
RUSHING—Konses City, Word 15-50, H.Wil-loms 8-24, McNoir 1-3, Buffolo, T.Thomas 22-100, Davis 19-75, Reed 1-4, Kelly 1-2, Reich 3-G-Kansas City, DeBorg 5-9-0-22.

Violic 9-20-Los control, Retci 9-9-9. RECEIVING--Konsos City, McNoir 5-92. SF-Jones 3-31, Birden 2-19, Hayes 1-21, Bornett 1-20, B. Jones 1-2-R. Thomas 1-1. Buffolo, Beebe 6-77, McKoffer 5-34, Reed 4-100, T. Thomas 4-21. Lofton 3-34, Edwards 1-7.

Second Quarter
Was-Ervice 17 cm (Lobother kick), 2:24 Third Quarter Was—FG Lammiller 26, 5,04. Feeth Quarter Was—Riggs 1 ran (Lahmiller kick), 8,28.

First downs 14-43 150 15 Comp-att-int Sacked-yards last Punts Fumbles-lost

Pendines-years
Time of possession
IMDIVIDUAL STATISTICS
RUSHING—Altenha, T.Johnson BSJ, Chaffey 3-E. Pagram 3-2. Washington, Ervirs 23-104, Byrner 14-57, Rigus 4-7, Monk 1-(minus 2). Rypien 3-(minus 4).
PASSING—Allanto, Miller 17-32-4-178.

PASSING—Alicato. Miller 17-32-4-178.
Washington. Ryolen 14-39-1-170.
RECEIVING—Alicando. Rabon 7-62. Princhord 5-54. Obson 2-19. Thomas 1-15. Hownes 1-15.
Philibos 1-11. Washington. Clork 6-64. Monk 345. Ervins 3-24. Sonders 1-26. Bynes 1-11.
MISSED FIELD GOALS—Alicato. N. Johnson 45. Washington. Lohmiller 47, 37, 44.

First Quarter Jefffres 15 pass from Moon (Del Gra-Hou-Hill 9 pass from Moon (Del Greco kick), 9:44.

V\_lohnson 10 pass from Ehway (kick

Second Quarter Hou—Dyncon & post from Moon (Det Graco House of Transvell (Lick), 14:21.
Third Quarter

Dens-FG Transvell 49, 13:02.
Fourth Quarter
HouseFG Det Green 25:1:25.
Dens-Lewis 1 run (Transvell kick), 8:07.
Dens-FG Transvell 28, 14:44.
Now Dens

23 26 19-97 31-151 325 267 27-36-1 20-34-1 0-0 0-0 1-44 2-41 0-0 3-0

Time of posession 30:26 STATISTICS SHOTVIDUAL STATISTICS RUSHING—Houston, White 17-77, Moon 2-14, Derwer, Green 17-59, Severel 4-48, Elway 6-39, Rivers 1-3, Lewis 3-2

79, Rivers 1-3, Lewis 3-2
PASSING—Houston, Maon 27-35-1-325, Denver, Elway 19-33-1-257, Servell 1-1-0-30.
RECEIVING—Houston, Jeffres 7-79, Givins 6-111, Duncon 6-40, White 6-35, Mail 2-21, T. Janes 1-19, Denver, V. Johnson 5-78, Youne 1-19, Denver, V. Johnson 5-78, Youne 1-19, Key 1-8, Servell 3-28, Stores 3-29, Natilel 2-27, Russell 1-20, Key 1-8, Green 1-1.
ANSSEO FIELD GOALS—Houston, Del

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### 6 Turnovers **Bury Falcons**

By Frank Litsky New York Times Service

WASHINGTON -The playoff game in Washington wasn't pretty, not with the heavy rain or the muddy grass field that became slippery and treacherous. And certainly not with the Atlanta Falcons' inability to hold on to the ball.

It was not efficient, not with the wasted turnovers and the neverending field-goal attempts wide of

But in the end, the Redskins' offense was able to pound the ball ahead on the ground and had enough time to complete enough big passes. And while the defense allowed Atlanta's quarterback, Chris Miller, to complete many passes, most were in front of the deep defenders, so that the Falcons could oot make big plays.

So, the outcome was almost inevitable, a 24-7 victory Saturday that put the Redskins in the National Football League's National Conference title game here a week from Student and Student the winner of Sun. Sunday, against the winner of Sunday's game in Detroit between the Lions and the Dallas Cowboys.

On Saturday afternoon, the Falcous lost the ball four times on interceptions and twice on fumbles. The last interception came in the last six minutes when the Falcons, facing fourth down and 18 yards to go, passed rather than punted.

Two fumbles by the Falcons set up scoring runs of two yards and one yard by Gerald Riggs. The Redskins also scored on Ricky Ervins's 17-yard run and Chip Loh-miller's 24-yard field goal.

The Redskins finished with 332 yards in offense to the Falcons' 193. The Redskins' ground game gained 162 yards, with Ervins ac-counting for 104 in 23 carries. "I'm surprised," Ervins said.

This is my first playoff game, and I didn't think I would carry that much. We ran four basic plays all day. In this weather, I was just glad I could hold on to the ball."

Mark Rypien, the Redskins' quarterback, said the victory was

"Their defense took away a lot of things from us," he said. "They gave us looks we didn't expect." Those defensive looks by the Falcons moved the safeties up toward the line of scrimmage and kept the cornerbacks deep. Because footing was treacherous in the rain, the Falcons played zone defenses almost all of the game rather than their customary man on man.

The weather favored the team with the better running game, and that was the Redskins. But in the first half, the big thing was not the weather, but the breaks, and the Redskins got them early. The Redtheir own and wasted four scoring opportunities on their own.

On the fifth play of the second quarter, the Redskins faced second down on the Falcons 17. Ervins, the stumpy rookie tailback, took the ball on a little delay, cut to the left and broke two ankle tackles en. route to a touchdown. The conversion made the score 7-0.

Three plays after the ensuing kickoff, the Falcons' Pat Chaffey med to run for a yard and a first down. Charles Mann stripped him of the ball and Jumpy Geathers recovered for the Redskins.

The Redskins started from the Falcons' 39. Three plays later, Ry-pien fired a 26-yard pass to Ricky Miller, and soon the Redskins got Sanders on the 2, and on the next to the Falcons' 17. On the next

French Make Bid in Dutchman Races

TAURANGA, New Zealand (AP) - Brothers Thierry and Vincent Berger of France won the fourth race of the world Flying Dutchman sailing championships Sunday, moving into third place as the top four overall all finished worse than 16th and opened up the seven-race, 20-

nation competition, with the top 14 two-man crews all within 44 points of

The overall leaders, Andreas Willim and Carsten Kemmling of Germany, finished 18th. New Zealanders Murray Jones and Greg Knowles came in 29th to drop to fifth in the 66-yacht field, with Luca Santella and

Flavio Grassi of Italy moving up four places to second.

Defending world champions Jergen and Jens Bojsen-Moller of Den

mark were 17th, slipping from third to fourth overall. Markus Wieser and

Werner König of Germany finished 20th, to fall from fourth to fifth. ..

Japanese Interested in Buying Mariners

La Valliere Gets \$6 Million From Bucs

Arbitration Asked by U.S. Bobsledders

They claim the trials were not conducted fairly and asked that an

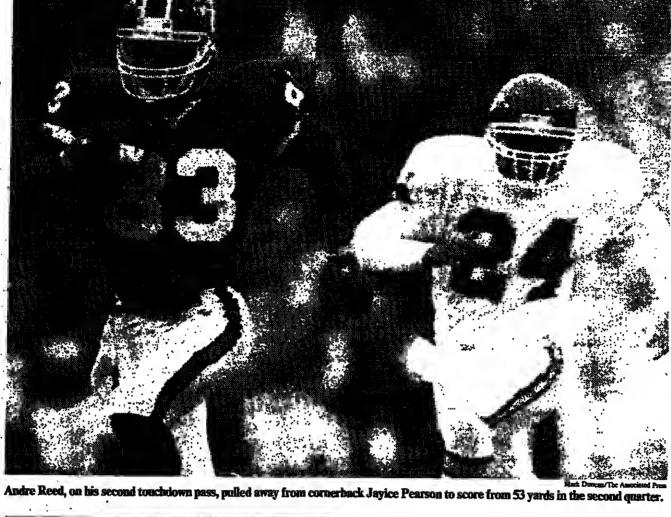
arbitrator either place them on the team or order the trials re-staged by

Under USOC rules, the U.S. Bobsled and Skeleton Federation must

will be selected by the American Arbitration Association.

on the U.S. Olympic team.

SIDELINES



# down pass to Andre Reed at the end of Buffalo's third possession and hit Reed again for 53 yards to Elway-Engineered 87-Yard Drive Sets Up Field Goal Beating Oilers

By Michael Martinez

New York Times Service DENVER — The Denver Bron-cos, playing from behind the entire game, got a 28-yard field goal from David Treadwell with 16 seconds left to beat the Houston Oilers, 26-24, and advance to the American Football Conference championship game.

Quarterback John Elway, known for his dramatic comebacks, drove the Broncos 87 yards on their winning drive Saturday, turning two fourth-down plays into first downs. On the first, he scrambled for seven yards to the Houston 35, and

on the second he passed 44 yards to Vance Johnson to move the ball to the Oilers' 21. Steve Sewell's 10yard run set up Treadwell's win-ning field goal. Until then, Elway's counterpart, Warren Moon, had done most of

the important work of the afternoon, leading the Oilers to three first-half touchdowns and their eventual 24-23 lead. What the game lacked in the first

half was a few good penalty-free the way it usually snows in Denver: 14 infractions between the two teams for a total of 115 yards. By halftime, the Oilers were in

front, 21-13, and their run-and-

shoot offense continually poked holes through Denver's defense. The Broncos (13-4) led the AFC in total defense and gave up 20 or Doug Mills/The Associated Pro-Gary Clark beat safety Scott Clark and caught this pass, but the more points to a regular-season op-Redskins dropped four because of the rain and and in Washington. mere statistics to Houston. In four first-half possessions play Riggs battered his way over play, Brian Jordan of the Falcons oot including the last one, which the middle and it was a 14-0 lead. Intercepted Rypien. On the next was cut short by intermission—the

A rout seemed to be on. But then play, Kurt Gouveia of the Redskins Oilers finished with three touchdowns and one interception of Four plays later, Lohmiller Moon. Beyond that single mistake, missed on a field-goal try from 37 he was virtually unstoppable. yards. Five plays later, Alvoid Mays Moon's first drive of the clear

intercepted Miller, only to have the but cold day was almost perfect; a play wiped out when defensive hold- 49-yard pass to Haywood Jeffires, an incompletion, a six-yard run by That kept the Falcons' drive Lorenzo White and the closer, a 15alive, and they scored - twice. The yard pass to Jeffires in double cov-

first time, Tracy Johnson battered crage. Just like that, 7-0. over right guard from the 2, but It was 14-0 before the Broncos instant replay determined that finally began to move offensively. Johnson had been downed a foot Of course, it did not hurt that the short of the goal line. So the Fal- Oilers were called three times for cons ran the same play and Johnpenalties measuring 25 yards in son scored, and the Redskins' lead Denver's 65-yard drive, twice on

Elway found wide receiver Vance Johnson for a touchdown, but the extra-point attempt missed when holder Gary Kobiak was unable to put the ball down properly and Treadwell kicked it wide.

Moon responded by taking Houston 80 yards with the help of a penalty on the Broncos that nullified an interception by free safety Steve Atwater. A personal-foul infraction against linebacker Jeff Mills, called for roughing the pass-er, gave Houston a first down at the Denver 15 instead of giving the Broncos the ball near the Oiler 20.

Moon took advantage, completing three successive throws to wide receiver Curtis Duncan for 11, 3 and 6 yards, the last one giving Houston a 21-6 lead.

Atwater's interception of a Moon pass at the Bronco 12, though, allowed Elway to move his team 88 yards for its second touch-

chael Young that put the ball at the Oilers' 34, then followed it with a 23-yarder to Ricky Nattiel. Finally, from the 1, running back

Greg Lewis pushed his way across the goal line, and it was 21-13. The Oilers' defense suffered a significant loss when left tackle Ray Childress left the game in the second period after aggravating a back injury. And, Houston over-came nine penalties for 60 yards because of Moon, who was 16 for 19 passing for 216 yards and all 3 chdowns.

Houston then ruined a potential coring drive by the Broncos at the beginning of the third period when Elway was intercepted at the Hous-ton 8 by cornerback Richard Johnson. It was the first interception of the season for Johnson, who led the conference last season with eight.

But they were unable to take advantage, an impressive Moonled drive ending when Al Del Gredown near the end of the half. He co's 33-yard field-goal attempt was converted a third-down pass to Mi- wide to the right,

give the Bills a 14-0 advantage 4:25 late in the second period.

Buffalo had expanded its advan--Three touchdown passes by Jim Kelly and a shackling of Kansas City's ground game Sunday carried tage to 17-0 by halftime on Scott Norwood's 33-yard field goal with Buffalo to a 37-14 romp over the two seconds left in the second quar-Chiefs that put the Bills in the Na-tional Football League's American ter. Kelly then threw a 10-yard scoring pass to James Lofton early in the third quarter. Conference championship game for the second straight year.

Norwood kicked two fourthquarter field goals -one of 21 yards and the other of 47 yards, the same distance from which he missed the one that would have given the Bills a victory in last season's Super Bowl. Kenneth Davis ended the Bills' scoring with a five-yard touchdown run with 4:53 left after the fourth interception of Vlasic.

Thurman Thomas contributed 105 rushing yards on 22 carries while Kelly completed 23 of 35 passes for 273 yards.

Kansas City's scores came on a three-yard run by Barry Word with 3:08 to go in the third quarter, four plays after lioebacker Loonie Marts intercepted Kelly, and on a 20-vard throw from Vlasic to Fred Jones with 2:07 left in the game. In the first game this season, both Christian Okoye and rookie

game without starting quarterback Steve DeBerg, who departed with an injured throwing hand. All four Harvey Williams ran for more than 100 yards for the Chiefs. of Kansas City's interceptions were With Word the featured back

this time, the Chiefs' managed only ooe first down in their first four possessions and did not run a play in Buffalo's end of the field until Marts intercepted Kelly at the Bills' 43-yard line midway through

the third quarter.

Kelly, whose 33 regular season passing touchdowns led the NFL. was frustrated during Buffalo's first two series. The Bills were twice penalized in the early going, Kelly was sacked once and he failed on two deep passes in his attempt to

produce a big play.

But the Bills went 80 yards in eight plays the third time they had the ball with Kelly hitting Lofton oo a 15-yard throw and Don Beebe with passes of 19 and 10 yards.

On second-and-five from the 25, Kelly lofted a pass down the right sideline to Reed, who caught the ball on the dead run behind Jayice Pearsoo and scored.

An interception halted the Bills their next possession, but the oext time they got the ball they oeeded just four plays to go 68 yards — Kelly countering a bliz to hit Reed behind Pearson for the 53-yarder.

Kansas City's final chance to get back in the game came when cornerback Kevin Ross stepped in front of a Kelfy pass at the Chiefs' 35-yard line with less than two minutes left in the first half. Ross had no one between him and a touchdown that likely would have left the Chiefs trailing by only seven. Ross, however, dropped the ball.



John Etway, scrambling behind the block of Dong Widall, engineered another rafty for the Broncos.

### Parcells Also Won't Coach Packers

By Richard Sandomir New York Times Service

was trimmed to 14-7.

intercepted Miller.

ing was called on Mayhew.

came a series of turnovers that led

Martin Mayhew intercepted

NEW YORK - In what looked like an instant replay, Bill Parcells has spurned a chance to coach the Green Bay Packers just one week SEATTLE (AP) - Two groups of investors, one from Japan, have after the former coach of the New expressed an interest in buying major league baseball's Scattle Mariners. York Giants rejected a long-term offer to run the Tampa Bay Bucca-

expressed an interest in buying major league baseball's Seattle Mariners, the president of the city's chamber of commerce has said.

The identity of both groups is being kept secret, the chamber's president, George Duff, said Friday. But he said that of one group, Japanese interests would provide "a significant portion" of the purchase price. The other group also includes foreign interests, he said, adding that he didn't know specifics. But talks with Ron Wolff, the Packers' general manager, appar-ently never progressed as far as those with Hugh Culverhouse, the Buccaneers' owner, who said he tendered Parcells a five-year, \$6.5 PITISBURGH (AP) - Free-agent catcher Mike LaValliere, who million contract. accepted salary arbitration from the Pittsburgh Pirates last month, agreed

"I had spoken to Ron Wolff on to a \$6.3 million, three-year contract as major league baseball resumed its between-seasons wheeling and dealing following the holidays. Wednesday and we agreed to talk later in the week, if necessary," Parcells said during his stint Satur-La Valliere, 31, became a free agent but agreed to arbitration on Dec. day as studio analyst on NBC's In other moves. Don Robinson replaced Kirk McCaskill in California's "The NFL Live." "I think we mutually agreed that

pitching rotation, agreeing to a one-year, \$900,000 contract with the it wasn't necessary and that was the end of that." Parcells said the Packers never offered him a job. COLORADO SPRINGS, Colo. (AP) — Bobsledders Edwin Moses, "It's not a change of heart," he

Willie Ganlt, Brian Shimer and Greg Harrell have formally asked the U.S. Olympic Committee for an arbitration hearing in order to win places said. "It just never progressed to where a lot of people in the media thought it did,' He denied a CBS report that claimed he and Wolff had discussed prospective assistant coaches, including the recently dismissed under used rules, are districted and a time and place for the hearing coach of the Chargers, Dan Henning, as offensive coordinator.

Wolff, a longtime friend of Parcells', said that "Bill Parcells has informed me that after giving serions thought to a return to coaching, he has decided he is not ready to coach at this time." Wolff and Parcells were united

in handling the situation, avoiding the kind of public dispute that en-sued after Culverhouse said that he felt he had a firm deal with Parcells only to be left like a jilted bride at Parcells and Wolff blamed the

nearly a fait accompli. "He has been assigned to us by the media despite the fact that my discussions with him throughout were confined to whether he was interested in returning to coaching," Wolff said.

media for inflating their talks into

Now that he has turned away Tampa Bay and Green Bay, Parcells said, "I don't think there will be any other interest" from teams seeking coaches. Unless Parcells continues to

prove that a mind is terrible thing to make up, his immediate future apparently rests in television with NBC and MSG network. Parcells' three-year pact with NBC, which paid him \$250,000 in

his first seasoo, escalates to \$400,000 in its third year. Only the first year includes an him return to coaching without asking NBC for permission. The MSG show, "Around the NFL," **■ The NFL Revolving Door** 

Richard Williamson, fired Dec. 27 after a 3-13 season as coach of the Tampa Bay Buccaneers, has been hired as receivers coach for the Cincinnari Bengals, The Associated Press reported. He replaces David Shula as the

Bengals' receivers chach. Shula was promoted to head coach Dec. 27. replacing Sam Wyche. The Bengals, who also had a 3-13 season in 1991, said Wyche quit but Wyche said he was fired. Wyche is among those being

considered to succeed Williamson as the Buccaneers' head coach.

■ Cal Says Coach Has Quit Bruce Snyder, who coached Cali fornia to a No. 8 ranking in The

Associated Press college poll this season, has resigned to become coach at Arizona State, Cal's athletic director said Saturday night.

The Golden Bears were 10-2, with a 37-13 rout of Clemson in the Citrus Bowl. Snyder, 51, had a 30-24-4 record in five seasons in Berkeley.

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# Warner Brothers: Sound and the Fury

PARIS — The other major studios had logos with borrowed symbols of power: the roaring lion of MGM, Columbia's stately flamebearer, the snowy peaks of Paramount. But Warner Bros. had a heraldic shield with the simple inioals WB. Power, it was clear, lay in the brothers

Sam died young, Albert remained on the sidelines. The studio was run, ruthlessly, by

#### MARY BLUME

penny-pinching Harry and his flamboyant kid brother, Jack. That the two loathed each other (Harry once chased Jack with e lead pipe) only added to the electricity. Jack deeply embarrassed Harry with his loose ways and awful jokes. "I have a theory about relatives too." be said oo meeting Albert Einstein. "Don't hire them." And et a luncbeon honoring Madame Chiang Kai-shek Jack opened his welcoming speech by gazing at his guest and quipping. "Holy cow, I forgot to pick up my leundry."

They were among the mightiest in Hollywood's mighty days and the Pompidou center has e small exhibition on the brothers (until March). Hardly a great name in Hollywood did not work for the brothers, many of them leaving in anger. Bette Davis spent much of her 18 years there in litigation and the director Irving Rapper claimed be had had more suspensions than the Golden Gate bridge.

Darryl F. Zanuck, who began as a writer for the studio's least contentious star, Rin Tin Tin, and was head of production in its formative years, left in 1933. Hal Wallis, his successor, was flabbergasted when "Casahlanca" won an academy award to find himself so bemmed in by Warner relatives that Jack, in an aisle seat, was able to dash to the dais and claim the Oscar as his own. Only the demurely determined Olivia de Havilland succeeded in breaking the slevelike contract system in e series of lawsuits that ended before the Supreme Court in

The exhibition, which accompanies e retrospective of Warner films, traces the studio's history from the brothers bumble immigrant beginnings to sueb recent productions as "Full Metal Jacket," "Good-Fellas" and "Les Liaisons Dangereuses." There are film clips, background music from the scores of "The Treasure of the Sierra Madre," "A Nun's Story" and "A Streetcar Named Desire"; Bette Davis's dress from "Jezebel," Humphrey Bogart's cap from "To Have and Have Not," Gary

Lauren Bacall's checked suit from "The Big Sleep," and James Dean's tiny jeans from "Rebel Withou! a Cause."

There is also Dooley Wilson's piano from "Casahlanca," which turns out in be pink. But the most evocaove exhibit of all is Jack L. Warner's monogrammed telephone in silver and bronze. It looks like a club.
Like most studio heads the brothers be-

gan as exhibitors and distributors before moving to production, making their first feature film in 1918. From the early days Jeek showed entrepreneurial skill by snipping the first feet, including title frames, from films they had rented. If an exhibitor asked for a certain film, Jack reached into his filched library, spliced the appropriate title to other footage, and no one was the wiser. In those days the miracle of the motion picture was in itself sufficient.
In the difficult 1960s Warner Bros. was

among the first to go into e merger, becoming in leter years part of various conglomerates until in 1989, under the chairmanship of the silken Steve Ross, it merged with Time, Inc. to form the world's biggest communicatioos conglomerate. It thus evoided Japanese takeovers and remains as American as a monogrammed telephone.

The studio was most famous for having introduced sound ("The Jazz Singer" in 1927 had the first spoken words in a feature film; but until 1930 it continued to make silent, as well as sound, versions of its films (in 1930, 14,000 American movie bouses were still unequipped for sound).

The exhibition, such is its purpose, is to the glory of Warner Bros., but to its credit it also suggests what a brutish place it must have been. There are complaints from Ed-ward G. Robinson and from Humphrey Bogart trying to get out of playing in "Ca-sablanca" (Jack had wanted George Rait anywey, while Wallis favored Anne Sheridan or Hedy Lamarr for the Ingrid Bergman role). The saddest exchange of memos is from the great Ernst Lubitsch who made five films for the brothers from 1923 to 926 and finally went to Paramount, where he flourished, because the Warners wanted him to "make more thrilling pictures and not worry about the story.

Paramount was the most sophisticated studio, MGM paid the highest salaries and gave the most artistic freedom. At Warner Bros., Neal Gabler writes in "An Empire of Their Own," the siege mentality ran deep. Warner films were full of hostility and

suspicion, gritty, urban, realistic - headline type stories," said Zanuck. The typical Warner film was in black and white, the



The Warner brothers: Harry, Jack, Sam and Albert; Warner logo and Bette Davis in "Mr. Skeffington."

stars unglamerous feven the glamorous Er-rol Flynn played Robin Hood as if it were a story of class conflict). Their leading cartoon character, Bugs Bunny, was aggressive and a musical such as "42nd Street" gave a realis-

the view of grubby backstage life.

Unintentionally, the brothers hit the right mood for Depression America although their aims had been directed more at the bottom line than at art. "Listen." Harry said, "a picture, all it is, an expensive dream. Well, it's just as easy in dream for \$700,000 as for \$1,500,000.

The films were terse, nervous and rapidly paced: even Busby Berkeley's clockwork musical numbers shared this quality. This came in part from Jeck's insistence on elimineting whet be regarded as nonessential. He would always cut scenes that showed a character going from one spot to another: Don't show him going from the street to the door, show him at the door, be would say, according to the film historian Jean-Pierre Coursodon.

The brothers would often economically shoot A-pictures in a B version and Jack, if he liked a film, would add his name as producer. It was not the happiest of studios. Errol Flynn and Humphrey Bogart tried to burn it down in 1937, and Flynn and Ida Lupino hurled rocks on it from a neighboring hill.

Jack would admit to making mistakes and would add, "But what is the name outside this building." He personally pro-duced "My Fair Lady" but after the company's first merger be began to fade from the scene, baving lost his essential power. "Hell," be said, "these new people don't owe me a damned thing." He died in 1978. By the end of the 1940s and 1950s most of the studio's big stars bad moved on, leaving as Warner's leading man the



plumply dimpled Dennis Morgan, who had been under contract since 1939.

This led the way to what was possibly Jack's only good joke, when he was told that a former employee named Ronald Reagan was running for governor of California.
"No," said Jack. "you've got it wrong.
Dennis Morgan's running for governor,
Ronald Reagan as best friend."

# LANGUAGE

# C.I.S. and the Problems of Disunion

By William Safire WASHINGTON — Happy New Year, C. I. S.! Or should that be — Welcome to the list of the

names of nations, S. N. G.! Oh, the heavy problems of disunion. Segments of the former Union of Soviet Socialist Republics (or internal empire, as American hawks called il) have become the Commonwealth of Independent States. The initials for the English words are C. I. S.; the initials for the Russian words are S. N. G., for Sodruz-

hestvo Nezavisimykh Gosudarstv.

I would say to go with C. I. S., or as space-conscious USA Today would write it, CIS; the acronym sounds like "Sis," with a warm sororal connotation. (You are unfamilial with sororal? So was I; a call to Fred Mish at Merrian-Webster got the answer to "What's the feminine for fraternal?") S. N. G., on the other hand. would be pronounced like snig, a clip of the verb snigger, a variation of snicker, meaning "in laugh densively," of echoic origin; it would also lend itself to pronunciation as snag, the noun meaning "minor obstacle, hitch," and would conflict with the Society of North American Goldsmiths.

I realize that meat is scarce in Moscow this winter and the ruble overhang is a terrible threat to the economy, and observers should pause before adding to the burdens of the new gathering of sovereignties but we cannot ignore this problem: what seemed like e great idea for e name when the three Slavie nations gathered at Minsk last month has a substandal linguistic drawback or snag. As the far-flung membership of the Squad Squad will hasten and hurry to say and declaim, the chosen name — in both its English and Russian forms — is redundant. A commonwealth is "an association of independent states"; the C. L S. is "an association of independent states of independent

Granted, the namers had e problem. Boris Yeltsin of Russia, Leonid Kravchuk of Ukraine and Stanislav Shushkevich of Belarus wanted to use the word sodru: hestvo, which we may translate as commonwealth, community or concord (related terms that are not the same), because it was not the word the old unionists in Mikhail Gorbachev's Kremlin wanted: union, or et the very least federation. The leaders of the republics within the disintegrating union would not even stand for the murky confederation; they wanted e word that clearly broke with the center forever.

Hence, sodruzhestvo. Our translation into commo wealth uses e word that began as common weal, or "public good," expressed in the U.S. Constitution's preamble as "general welfare"; it came to mean "body pobtic," or "the whole people," and later "e loose association of sovereign nations, often with a common history as parts of an empire." What we have in mind is the equivalent of the British Commonwealth of No-tions (not quite as redundant), linked by tradition. language and sometimes e sentimental allegiance to the British Crown, and with formal communications and meetings but no dominance over one another.

When this word is translated as community, you have more of an economic than a poliocal common denominator, in current global usage. The pundit Walter Lippmann in a 1944 book coined Atlantic community as a description of the common interests of

Britain, the United States and Canada, and the term was later extended to all the members of the Ne Atlantic Treaty Organization; that community a

poliocal. As early as 1888, the Earl of Camarvon, an Employ statesman, was using the word in that political statesman, was using the word in that political statesman, was using the word in that political statesman was a such." In our generation, however must do our duty as such." In our generation, however must do our outy as such. In our generation, homester, the European Economic Community was formed and colored the word; now all communities in the international diplomatic sense, are presumed to be economic alliances or zones. (In Europe today in argument is over making an economic union me

Japan To He

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political one.) So there you are in Minsk, naming this form of cooperation and coordination within a notation Year cannot call it the Russian Commonwealth, on the analogy of the British Commonwealth, because Ukraine is tired of Russian domination; you cannot call it the Ukrainian Commonwealth, because creat body knows that Russia is the senior partner in terms of land and population. The reason you are meeting in Minsk is that this Belarussian, or White Russian capital is neither in the dominant Russia nor in the capital is netured in the dominant Russia not in the obstreperous Ukraine, but you cannot very well call the new grouping the Belarus Commonwealth So you reject all national adjectives, call it the Commonwealth (or Community) of Independent States, and to hell with the Squad Squad.

A commonwealth is useful because it does not need

a capital. What ebout Minsk? (My own material grandfether. Harris Panish, emigrated from Minsk at the turn of the 20th century, accompanied by his wife, Jennie, from nearby Pinsk; that makes my hyphen. anon Polish, Russian or Lithuanian, depending on the century in which the territory was governed.)

The term chosen to describe the function of Minsk

a half-Jewish city largely destroyed by the Nazis, was not the word for "capital," but the term for "meeting place" — mesto vstrechi. The capital of Russia in Moscow, which is where most of the action will remain, but the home of the inter-republic committee, is, for the time being, Minsk, whose residents are

The English-speaking world can roll with the punch of recaming the fragmented union. For generations, we called the U.S.S.R. "the Russians"; nobody warned. "The Soviets are coming." In the 1960s, under linguistic pressure from Moscow, American presidents began substituting Soviet for Russian; speechwriters at summits were told to use the plural "Soviet peoples." By the '80s, the term Soviet, Russian for "governing council." was misapplied to individuals: we went from "He's a Soviet citizen" to "They're Soviets." Now Soviet will be used in the historical sense only, as in "the former Soviet Union" (already being shortened

A formulation ettributed to Andrei D. Sakharov, and belatedly endorsed by Mikhail Gorbachev, was "Commonwealth of European and Asian States." This would have the edvantage not only of describing the specific geographic area of the new aggiomeration, but also of avoiding half the redundancy. In this independent state of flux, and with our eye on the remaining possibility of C.E. A. S., we will oow desist.

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